

FINANCIAL TIMES

MEXICO New administration embraces austerity Page 24

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Table with exchange rates for various countries including Austria, Belgium, Canada, etc.

World News

EC presses US to give entry visa to Arafat

The EC, on the eve of the European Community summit on Rhodes...

Sri Lanka attack

At least four people were killed and 50 injured in an attack on an opposition election rally...

Cyclone search

Ships of the Bangladesh and Indian navies scoured the Bay of Bengal for thousands of fishermen...

Nuclear writ

Philippine Government is suing Westinghouse Electric over claims that the US company paid bribes...

Peru wage strike

Peruvian workers staged a one day strike demanding higher wages and an end to food shortages.

Fieldhouse III

Chief of Britain's defence staff, Sir John Fieldhouse, 60, underwent emergency surgery after falling ill at a Nato meeting in Brussels.

Sydney ultimatum

Australia will close the Yugoslav consulate in Sydney if the person who shot a 16-year-old Croatian youth during a demonstration is not handed over to Australian police in 24 hours.

Strike escalates

The army called in an extra 180 trucks to carry stranded commuters into Paris but officials said soldiers were fighting a losing battle against the spreading transport strike.

Labour blocks Likud

Israeli Prime Minister Yitzhak Shamir and rival Foreign Minister Shimon Peres scrambled to woo ultra-orthodox religious politicians after Paris's Labour party spurned a coalition with Likud.

Execution delayed

India's Supreme Court delayed the execution of two Sikhs condemned to hang for the 1984 assassination of Prime Minister Indira Gandhi.

Acid attack

A Jewish Holocaust survivor buried acid in the face of an Israeli attorney for convicted Nazi murderer John Demjanjuk at a funeral for another defence lawyer.

Mafia arrests

More than 200 people arrested in a joint anti-Mafia operation in Italy and the US on drug charges.

Table Mt fire

Firemen and army units battled to control a forest fire which swept across Cape Town's Table Mountain, destroying hundreds of hectares of vegetation and pine trees.

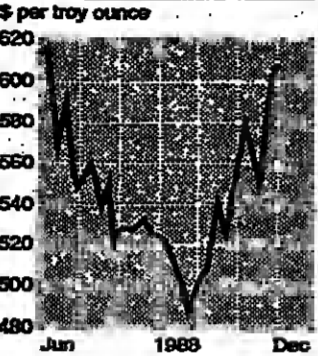
Business Summary

Gen Cinema to sell soft drinks unit for \$1.5bn

GENERAL Cinema, US group, announced it planned to sell its US soft drinks bottling business to PepsiCo...

PLATINUM price rose strongly again in London to reach \$610.50 an ounce...

Platinum



ing in New York later in the day caused the London price to ease back and it closed at \$608.75 an ounce...

MAXWELL Communication, public company of Mr Robert Maxwell, the British publisher, announced the sale of three units of Maxmillian less than a month after he told employees of the New York publishing house he had no intention of breaking it up.

AMERICAN Telephone and Telegraph, dominant US telecommunications group, will report the first annual loss in its 103-year history following a \$6.7bn pre-tax write-off of obsolete equipment.

ASKA BROWN BOVERI, electrical engineering group, reported a pre-tax profit of \$388m for the first nine months of the year.

SOCIETE GENERALE de Belgique, Belgium's largest holding company, is restructuring its interests in international trading in an attempt to restore its 1987 trading subsidiary to profit in 1988.

HITACHI, Japanese consumer electronics group, reported worldwide net profits up 52 per cent to ¥34.5bn (\$283m) in the six months to September, on sales which rose 12 per cent to ¥211.7bn.

BULBANK, London-based consumer bank specialising in Latin America, has raised an additional \$350m in capital from its shareholders to enable it to increase its provisions against Third World loans.

INDUSTRIAL EQUITY, Sir Ron Brierley's Sydney-based company, gained control of Woolworths, the Australian retailer for which it launched a takeover bid 10 days ago.

NOMURA Securities, world's biggest securities company, reported the biggest interim pretax profits of any Japanese company, continuing the growing dominance of the country's financial groups.

BERLINER HANDELS- und Frankfurter Bank increased partial operating profits by 8.3 per cent in the first 10 months of 1988 to DM122m (\$73.5m) from DM124m in the year-earlier period.

BAXTER International, has emerged from the last five turbulent years in the US healthcare industry as the country's major hospital supplier, and has its eyes firmly set on overseas growth.

BOMBARDIER, Canada's leading heavy transport equipment and aerospace group, improved performance in both the third quarter and first nine months of 1988.

Gorbachev secures resounding victory for radical reform

By Quentin Peel in Moscow

THE Supreme Soviet of the USSR yesterday gave resounding - albeit not quite unanimous - support to the first key package of radical constitutional reforms...



Azeris demonstrate in Baku against Armenian claims on the disputed territory of Nagorno-Karabakh

As a result, the Supreme Soviet, until now little more than a rubber-stamping body for the decisions of the Communist Party leadership, has in effect voted itself out of office and paved the way for a new style of elections on March 26 next year...

In an open display of revolt, five deputies voted against the constitutional reforms, while 27 abstained, showing that doubts remain about a system which will introduce a two-tier parliament and a new executive president with sweeping authority...

Critics say that the new super-parliament, the Congress of Deputies, will have an adverse effect on democracy by itself electing the new Supreme Soviet from its own ranks...

His frank remarks were the more remarkable because they were made in the presence of US economists and industrialists who were participating in a US-Soviet forum.

Professor Leonid Abalkin, head of the Institute of the Economy at the Academy of Sciences, said that price reform had now been indefinitely delayed and that it would not currently be a good idea because of the faltering state of the economy.

Approved last year by the Central Committee of the Communist Party assumed structural changes based on economic growth.

Perestroika at 'critical' stage

By John Lloyd in Moscow

A SENIOR Soviet economist has said perestroika (restructuring) is now at a critical stage and that the optimism over its success which had been common in government circles has now been replaced by a realisation that it could take 'decades' for real improvements to come through.

The report expresses concern about a possible slippage in West German capabilities, and warns Spain that it might have underestimated the cost of bringing its forces up to Nato standards.

The US, which continues to spend more than 6 per cent of its gross domestic product on defence, far ahead of the other allies, and which has had the highest annual growth in the last five years, is asked to maintain what the report calls 'exemplary standards'.

The report highlights 'wide disparities' not only in the resources given to defence but also in countries' responses to allied goals for their forces, in the extent to which their forces

are kept up to date and can be sustained, and in their help to the three industrially weakest members - Greece, Turkey and Portugal.

It says there is scope for a number of allies to do more in all these areas, and emphasises the need for greater assistance to Turkey, which already spends about as much of its national resources on defence as Britain.

It calls for more co-operation on armaments, more spending on ammunition stocks, especially in the southern region, and greater consultation and concertation in activities outside the Nato area.

However, the report argues the case of Europe and Canada in putting forward a range of considerations other than the percentage of gross domestic product spent on defence, which is the core of the US campaign.

Continued on Page 24

Buyers queue up for stake in British Steel

By Phillip Coggan in London

BRITISH STEEL'S public offer looks set to be oversubscribed when applications close at 10am today.

By early evening yesterday, the offer had attracted around 400,000 applications from the investing public, employees and BS pensioners.

This morning will bring a fresh batch of post, some hand-delivered forms and applications from some investment institutions.

An oversubscribed offer will be a great relief to the Government, after the bad trade figures and interest rate rise last week appeared to have jeopardised the success of the issue.

The offer was priced at 125p per share, at the lowest end of expectations, in an attempt to maximise investor demand and dispel memories of British Petroleum's disastrous offer last year.

Reserved seats in the super-parliament for 'social organisations' such as trade unions.

Marital law may be decreed only in consultation with the republics.

Continued on Page 24

RJR Nabisco shares fall as merger agreed

By Anatole Kaletsky in New York

THE SHARE price of RJR Nabisco fell unexpectedly on Wall Street yesterday morning, as arbitrageurs and investors reacted with consternation to the apparent outcome of the record-breaking auction for the large tobacco and foods conglomerate.

News that the RJR board had signed a merger agreement, said to be worth \$108 a share or \$25.1bn in total, with Kohlberg Kravis Roberts, the leading US leveraged buyout group, failed to impress the stockmarket.

RRJ's shares fell at first by as much as \$2 when Wall Street opened, before settling by lunchtime at \$22.4, which was 3% below Wednesday night's close.

The main reason for the big gap between the RJR's stock-market price and the deal's stated value was the large non-cash element in the KKR proposal.

KKR agreed to pay only \$31 in cash for each RJR share. The remaining \$23 of the stated price would consist of risky junk bond securities - \$18 worth of 'exchangeable preferred stock' plus debentures, convertible into a 25 per cent equity stake in the reorganised tobacco division of RJR.

Benazir Bhutto named as Pakistan Prime Minister

By Christina Lamb in Rawalpindi

BENAZIR BHUTTO, leader of the Pakistan People's Party, was named Prime Minister of Pakistan yesterday and thus became the first female leader of an Islamic country.

For Ms Bhutto it marked the end of 11 years in a political wilderness since the overthrow and subsequent execution of her father, the late Prime Minister Mr Zulfikar Ali Bhutto.

The news came as little surprise. Earlier this week the PPP secured a majority in the National Assembly after reaching

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Advertisement for CARRÉ, ORBAN & PARTNERS and PAUL R. RAY & COMPANY, Inc. featuring a grid logo and text about executive search and consulting services.

MARKETS section containing financial data for Sterling, Stock Indices, Coffee, and Interest Rates.

EUROPEAN NEWS

# Strikes raise profile of French Communists

By Paul Betts in Paris

THE FRENCH Communist party has set the tone this week for what promises to become a particularly intense and bitter campaign for next spring's French municipal elections by fanning the strikes which have caused growing havoc in the Paris public transport network.

The strikes, which have forced the Government to call in the army to provide emergency transport services for stranded commuters, have now turned into an open showdown between Mr Michel Rocard, the

Socialist Prime Minister, and the Communists.

As the Paris public transport conflict threatened to spill over into other public services, Mr Rocard accused the Communist Party in the National Assembly this week of being at the heart of the latest wave of labour unrest in France. And the Gaullist RPR opposition party entered the political fray by confirming yesterday its intention to table in the next few days a censure motion against the Government for its handling of the strikes, which,

according to Patronat, the French employers federation, are costing the economy about FF800m (\$135.6m) a day.

The sudden re-emergence of the Communists at the forefront of the political stage is not altogether surprising. They had been expected to deploy their political energies in the municipal elections - in many respects far more important for the party than the recent Presidential or legislative polls.

The Communists, who at a national level have seen their popular support stabilise just

over the 10 per cent mark, are now keen to keep their more significant role at a municipal and local level, especially in traditional left-wing regions of the country. To this end, they have been pressing the Socialists to enter into a new national electoral pact to present joint lists of left-wing candidates in the municipal polls.

But the Socialists, who are seeking to expand their electoral base by wooing the centrists, have so far been reluctant to agree to such a deal with Communists. This

appears to have prompted the Communists to try to raise political pressure on the Socialists by backing the strikes led by its CGT union allies.

The clash between Communists and Socialists carries serious political risks for both parties. The public sector strikes have already provoked widespread public anger and exasperation. This is beginning to undermine the popularity of the Socialist Government and could backfire on the Communists who are widely blamed for fuelling the strikes.

# Greece falls short of grand ambitions for Rhodes summit

IF the Greek Presidency of the European Council has its way, this weekend's European Community summit in Rhodes will be a non-controversial affair. "Our aim in Rhodes will be to prevent conflicts, not to create them," one Greek official said.

The vulnerable state of health of Mr Andreas Papandreu, the Greek Prime Minister, is one key reason why Athens will seek to avert serious disagreement on any item on the agenda. Mr Papandreu is still recuperating from a serious cardiac operation performed in London last September and on doctors' orders the work and stress he can sustain are extremely limited.

This has disappointed no more than Mr Papandreu himself. He had hoped to exploit the EC Presidency with a dramatic political gesture designed to boost his prestige at home. As it is, he has had to content himself with two initiatives, which Athens is counting on to lend a Greek flavour to the summit: the drafting of a relatively anodyne declaration on the Community's international role, and a discussion of EC policy on global environmental problems.

By way of consolation officials in Athens say the Greek Presidency can at least claim to have kicked off a debate on the subject which is not expected to bear fruit until the French Presidency in the second half of 1989.

The review of the progress towards the 1992 single market, based on a report drafted by the Commission, could run into objections from British Prime Minister Mrs Margaret Thatcher, depending on how aggressively Mr Delors pushes for a discussion of thorny issues on which insufficient progress is judged to have been made, such as frontier controls and fiscal harmonisation. However, according to Mr Pangalos, the Greek Presidency does not expect a re-enactment in Rhodes of the recent acrimonious ideological Thatcher-Delors debate on the future shape of the Community.

Other Greek officials also stressed that the Presidency will do its best to avoid such a confrontation from developing. The discussion on the environment is expected to dwell on such phenomena as the destruction of the ozone layer and to conclude with recommendations on the drafting of a set of environmental protection principles.

The text on the declaration on the Community's international role has already been considerably modified after consultation between Athens and the other 11 capitals.

One of the key messages of the text is the assurance directed at non-EC countries that the single market will serve, not threaten, their interests and that the intention is to create not a fortress Europe, but a partner Europe.

According to Mr Pangalos, the text dwells on the EC's relations with both the US and the Comecon countries, stresses the need to boost the role of the United Nations, affirms the EC's support of human rights and backs the further development of East-West relations.

Andriana Ierodiakonou reports that large political gestures are likely to be in short supply

# Old habits die hard as Kremlin plays its constitutional cards close to its chest

By Quentin Peel in Moscow

MR MIKHAIL GORBACHEV'S constitutional reforms produced a gigantic mailing for the Supreme Soviet in Moscow - more than 300,000 letters in barely a month - as Soviet citizens sought to exercise the one way they know to get their views across to the authorities.

Newspapers were inundated, too, not to mention Communist party organisations, republican and regional governments, and town councils. Clearly, people were taking constitutional change seriously.

From the entire debate, a whole raft of amendments to the reforms were drafted. Almost half the articles in the proposed reforms were set to be altered - 32 out of 62 articles in the new election laws, and 26 out of 55 in the constitutional reforms - when the plans were presented to the Supreme Soviet on Tuesday.

And yet only a handful of those amendments have yet been revealed, even now that the reforms have been finally agreed. Even leading members of the Supreme Soviet had not had a chance to read them when the session was one day old. Ordinary citizens have had no chance at all.

The dichotomy of glasnost - seeking to promote an open debate, and then denying half the basic information needed to conduct it - is still glaring, Mr Gorbachev admitted as much when he wound up the session: "Many things gave rise to questions," he said. "Why? Because we didn't care to explain their meaning. The centre was following the old practice of declaring they will get used to it all in time."

out of 2,250) will be elected by "public organisations", thus reinforcing the hold of the Communist party and its affiliates, like trade unions, the youth league etc.

The deputies did not change the basic rule, but agreed that the numbers from each organisation should not be written into the constitution. They would be written into the election law instead, thus making it rather easier to alter them.

A second amendment published sought to reassure the restive Soviet republics. It concerned the power of the new Congress to decide exclusively the composition of the Soviet Union, and the formation of new autonomous republics and regions. The amendment changed the words to say that the Congress could decide only "matters of national-state structure that are within the jurisdiction of the USSR."

Azerbaijan crisis talks in Moscow

By John Lloyd and Quentin Peel

MEETINGS WERE called for last night in the Kremlin between the Communist party leaders and the leaderships of Armenia and Azerbaijan, amid clear signs that personnel changes in these republics were afoot.

The meetings came at the end of a day in which the officially admitted death toll rose to 28 - including Armenians, Azeris and Soviet soldiers - and as more than 20,000 refugees have crossed the borders in each direction to escape pogroms.

Mr Arkady Volzky, the central committee's emissary to Nagorno-Karabakh, the Armenian enclave in Azerbaijan which has been the trigger for the present and earlier disturbances, told the USSR Supreme Soviet yesterday that the two republics were now "boiling", and that "when the law is being violated and when blood is being spilt, the state cannot be a bystander."

The first batch of amendments was approved almost two weeks ago, by a jolt meeting of constitutional committees of the Supreme Soviet, which agreed on 40 changes. Only three were published, in Pravda, the party newspaper.

One concerned the composition of deputies to be elected to the new Congress of People's Deputies - the new super-parliament. One third of their number (750

Finality at the closing session of the Supreme Soviet yesterday, minutes before the deputies were set to vote, Mr Georgy Razumovsky, chairman of the constitutional commission, revealed a few more of the details about to be agreed.

Instead of insisting that in future "people's deputies shall be released from their employment," the constitution will read "may be released."

The rules for protesting to a new "constitutional control committee" will also be extended - to allow republics to complain about actions of national bodies.

And finally he revealed an amendment promised by Mr Gorbachev, as one way to restrain the power of the executive president. "Officials can be relieved of their posts if they fail adequately to carry out their mandates," the constitution will read.

Nothing more emerged when the Communist party central committee held a plenary session on Monday. A couple of details were given by Mr Anatoly Lukyanov, Mr Gorbachev's close constitutional adviser, on Tuesday. But his main advice was to "read Arguments and Facts."

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Instead of insisting that in future "people's deputies shall be released from their employment," the constitution will read "may be released."

But that is not the only parallel claim. Rhodes was "not only the first European defence community," with the Knights running Europe's only standing army and navy of the time, but also "the first outline of a European common market" in agricultural and financial services. This bold claim rests on the role the Knights are said to have had in promoting farming, and financing Euro-Arab commerce.

Was all this designed to recall how Europe united against the Saracens, some journalists wondered. After all Rhodes is only just across from Turkey, which has applied to join the EC and expects to hear the EC verdict next year.

Over the weekend, however, the newspaper Arguments and Facts, a restricted-circulation weekly, gave a few more hints of what was in the mind of the leadership. For example, it was proposed that judges should not be elected by local Soviets - they would be less likely to be genuinely independent - but at higher level.

Another paragraph that had infuriated the dissident republics was to be altered: the new USSR Supreme Soviet - indirectly elected via the Congress, but acting as a standing parliament with sittings last-

ing several months - would have its powers somewhat circumscribed.

It would no longer be expected to lay down "basic guidelines" for the republics, but only "general principles". More importantly, it would no longer be able to determine "the legal status of social organisations," which the Baltic states feared might mean the banning of their new popular front movements.

This was still a long way short of the "more than 40 amendments" which had been agreed behind closed doors.

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No doubt Pravda will carry an arbitrary selection of all that today, just to let people know what has been decided for them. It is not quite democracy, but as Mr Gorbachev said: "All of us are learning our lessons. We are all in the school of democracy. We must learn to be good pupils."

Medieval Rhodes, said a helpful set of history notes provided to journalists, was "the first European state." The Grand Master of the Knights of St John of Jerusalem, who arrived in Rhodes in 1309 and built the magnificent castle where EC leaders will meet today, was elected by a 45-man council from 29 countries. This was the forerunner of today's European parliament.

# Ye Olde European bastion against Eastern invaders

JOURNALISTS arriving yesterday at Rhodes' Cactus Hotel - "everything you write gets spilt" - at last tumbled on the reason why the Greek Government chose this of its many islands as the venue for today's European summit, writes David Buchan in Rhodes.

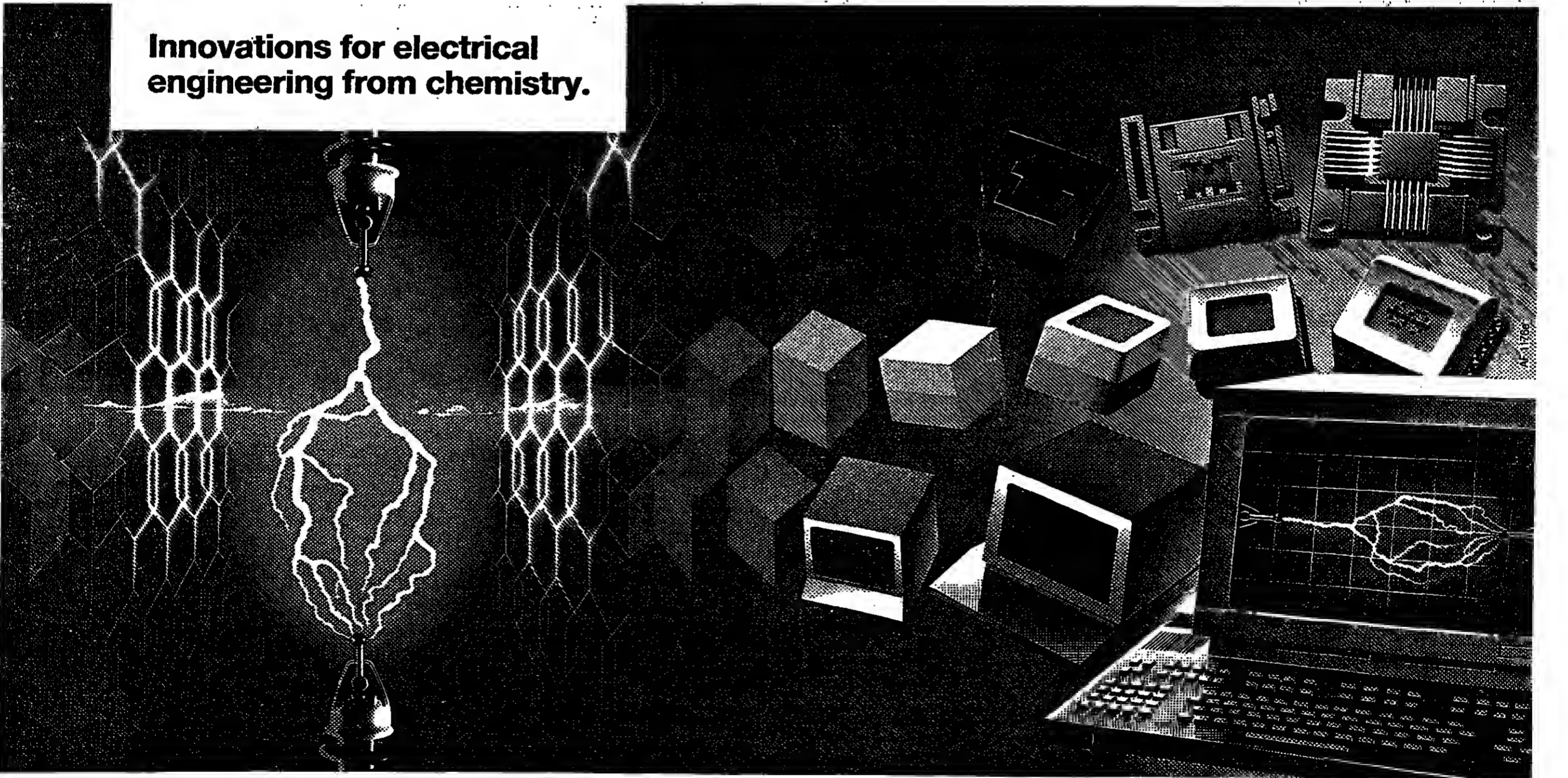
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هكذا من الصحف

# Lenin yard closure signals end of shipbuilding era

## Christopher Bobinski reports that a Soviet orders boom turned out simply to be prolonging an agony

**A**S the sign on the Lenin shipyard in Gdansk came down yesterday the shock waves were still reverberating from the Polish Government's decision to close the yard. The restructuring of a plant this size, with all the attendant economic, political and social implications, will be the first for the Communist bloc since the war.

For Mr Zdzislaw Miedzarek, Poland's Deputy Industry Minister, who has been studying how to prune the country's shipbuilding industry since May, the decision is a logical consequence of chronic labour shortages and a looming energy crisis.

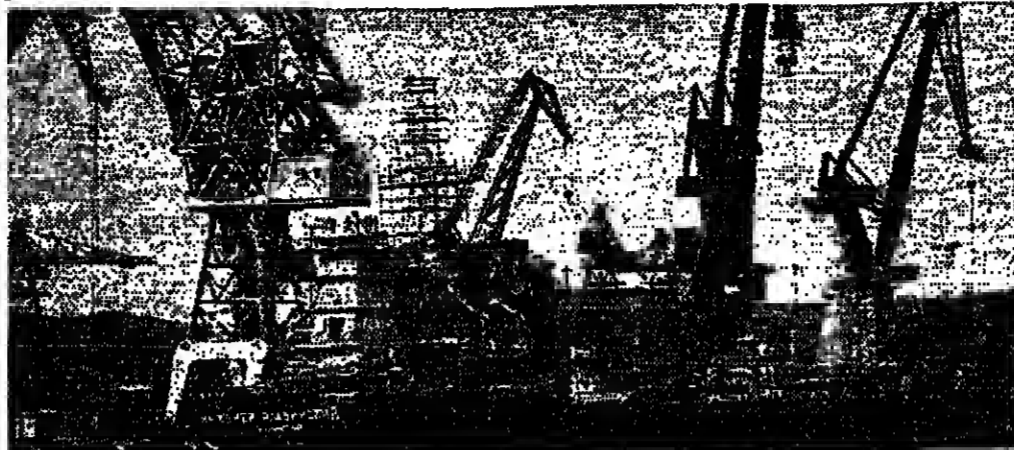
The prospect of power shortages within the next few years, he argues, mean that energy-intensive steel output has to be cut. Decisions have already been taken to limit capacity at three Polish mills. These new policies not only mean savings in iron ore imports from the Soviet Union and the prospect of purchases of higher quality ores from producers such as India, but also the closures wherever there is a heavy steel input such as production of rail rolling stock.

For the moment the Government has ridden the protests from the opposition and its economists. These have argued that the decision was a purely political one aimed at depriving Mr Lech Walesa, the Solidarity leader, of a power base which twice this year has gone on strike to support the union's demand for legalisation.

The movement has pointed out that, were the figures to be taken seriously, then the yard, which was subsidised to the tune of Zl 7.6bn (83.2m) in 1986 and Zl 4.9bn in 1987, is coming out of the red this year and other industries and shipyards were in a worse situation.

Both Solidarity and the shipbuilding lobby, which is also arguing against the closure on economic grounds, raise the vexed point of the Comecon pricing system. This uses a rouble which is grossly overvalued against the dollar and thus hurts Polish exporters, whose prices in roubles on the Soviet market are fixed on the basis of average world dollar prices over the previous five years.

The system favours Poland in imports from the Soviet Union - little consolation for a shipyard which in the past has been required to work under a contract to fulfil Soviet orders and is now expected to show a profit. Professor Jerzy Dostkier, an unqualified expert on the industry in Gdansk, has even suggested that ships should simply be traded to the Soviet Union for dollars pure and simple.



Under sentence of death: cranes at the Lenin shipyard in Gdansk

In any case the yard still has two years in which to finish the Rouble 280m (229m) Soviet orders, due to be delivered between the middle of this year and the end of 1990, and deliver \$65.2m (£38.6m) worth of vessels due to Western customers. The orders due for delivery after that date, worth some Roubles 390m and \$120m are to be renegotiated and placed either at the other three remaining Polish yards or simply cancelled.

The implication is that Poland will be selling fewer ships than the 301 vessels pencilled in by the Soviets for the next five year plan beginning in 1991 and this marks a major

change of emphasis. Indeed, Mr Mieczyslaw Wilczek, the industry Minister, said in a recent Polish newspaper interview: "We thought that Soviet orders for the yards were a boon but in fact they only drew out the agony."

Over the next 24 months the ships now under construction at the Lenin yard will be finished under the auspices of a joint company with the neighbouring Northern shipyard, while remaining capacity on the 129 hectare site is to be turned to other uses.

The most advanced plans include bringing television set production into one of the yard's unfinished sheds and

plans to build refrigerating equipment on the site by Igloopol, an ambitious state-owned food processing company. These ideas have been around ever since the summer, when the Government first signalled it wanted change at the yard.

"The trouble with managers of my generation," says Mr Miedzarek, who headed the giant Cogelski works in Poznan which also makes ships' engines, "is that they are incapable of thinking in terms of return on capital invested."

Management at the yard was content, he implies, to see their plant 60 per cent utilised because of the shortage of workers and never thought of

selling off or even leasing excess capacity to make extra money - meanwhile delivery dates of ships being built at the yard were lengthening, the industry was in recession and the yard's finances were a disaster.

It was only under government pressure that management at the yard began to plan a restructuring programme. Now the shipbuilding lobby, which was stunned by the closure decision, is hoping to adapt that plan to the new situation. Mr Czeslaw Tolwinski, the yard's manager and in charge of the closure, is working towards retaining shipbuilding capacity on the site with employment cut from the present 10,600 to some 4,900 to 5,000, ready to take advantage of the present upswing.

"Let them get on with finishing the orders they've got at present," Mr Miedzarek says, "then in a year's time we'll look at the market and examine the pros and cons of keeping a smaller yard in addition to the three Poland still has."

In any case, Mr Miedzarek adds, he is still looking closely at the nearby Gdynia yard with its more modern equipment. Were it to attract redundant shipbuilders from Gdansk then it could improve its results. Otherwise, Mr Miedzarek warns, it could be the next for closure.

# Tourism earnings boost Turkey's economic fortunes

By Jim Boddagier in Ankara

**TURKEY'S CURRENT** account showed a small surplus of \$20m in the first nine months of the year, indicating that the country's balance of payments is in its healthiest state for several decades.

According to figures released this week by the central bank, record earnings from tourism of \$1.6bn (a rise of 41 per cent over January-September 1987) were the main reason for the improvement.

The export drive which has contributed most to narrowing the trade gap in recent years has shown signs of moderating in the second half of this year, because of a slackening in production owing to the Government's austerity programme.

Nevertheless, the increase in visible exports was still healthy: they totalled \$8.1 bn in the first nine months of 1988, a rise of 18 per cent over the corresponding 1987 period.

The slowing of export growth in the second half of this year was matched by a fall in imports, reflecting declining demand for raw and semi-finished materials. Imports rose by 12 per cent to total \$9.9bn in the January-September period. The trade deficit narrowed by 9

per cent to total \$2.01bn.

The current account is about the only bright spot on a fairly bleak economic horizon for the Government of Mr Turgut Ozal. Its biggest challenge at present is bringing down rampant domestic inflation of 86.4 per cent in the year to the end of October.

However, Turkey's creditworthiness still seems assured in the international banking community despite onerous external debt servicing totalling \$7.3bn in 1988, falling marginally to \$6.9bn next year. The medium-term trend seems favourable, especially given that debts rescheduled in the early 1980s will be finally paid off next year.

The central bank's foreign exchange position is probably stronger than it has ever been in the past 15 years, according to Mr Rusdu Saracoglu, the governor, in a recent interview with the Financial Times.

In addition, the central bank's deposits with international institutions were sufficient to cover an end-of-year peak in external dues of around \$1bn, and January's bill of around \$300m, said Mr Saracoglu.

# EC debate strains Austrian coalition

By Judy Dempsey in Vienna

**AN UNSEEMLY** row has broken out in Austria's Socialist-led coalition, threatening its unity, as the Government prepares to decide on whether to apply to join the European Community.

It involves Mr Franz Vranitzky, the Chancellor and leader of the Socialist Party (SPO), and Mr Alois Mock, the Foreign Minister, Vice-Chancellor and head of the conservative People's Party (OeVP).

The dispute is over which of the two should present a report on Austrian relations with the EC to Parliament. But it is taking place against a background of growing differences between the two parties as to whether and when Vienna should apply to join.

The report concludes that Austria should consider applying to Brussels. In the light of the EC's internal market programme, Austria needs to be involved in the EC's decision-making process, it says.

Mr Mock delivered the report to the Government on the grounds that the EC issue is in the domain of foreign policy. It was assumed until recently that he would also present it to Parliament for debate. But SPO officials are now arguing that this prerogative belongs to Mr Vranitzky, who has announced plans to set up a fresh ministerial commission to consider EC membership.

Mr Vranitzky is coming under renewed pressure from

the SPO's left wing to exert more leadership in the Government. In the words of one Socialist deputy, he should "stand up to Mock."

But the dispute is not just about personalities: there are also ideological issues at stake. While Mr Mock suggests Austria to apply to the EC as soon as possible, the SPO's left wing, led by Mr Heinz Fischer, is opposed to Austria applying at all. With the apparent aim of playing for time, they are insisting on more fact-finding reports on the EC.

The left-wing faction, wedded to a foreign policy tradition that was oriented more towards the Middle East and a North-South dialogue than to Western Europe, realise full membership would entail a realignment of Austria's external relations.

SPO and OeVP officials say the row is causing serious damage to the fragile coalition. And they are suggesting that some left-wing Socialist deputies could force the issue to the point where early elections have to be called.

The SPO left-wingers apparently believe their party could increase its share of "green" votes on the strength of their anti-EC platform. But OeVP officials, along with mainstream Socialists, acknowledge that the only winners in an election would be the far-right Freedom Party, led by the populist Mr Jörg Haider.

# Malta lays welcome mat for offshore traders

By Godfrey Grima in Valletta

**MALTA IS** offering generous incentives and a guarantee of secrecy to banks, insurance companies, shipping concerns and investment trusts in the hope of rivalling Gibraltar and Cyprus as an offshore financial and trading centre.

At the same time, the island is determined to confine registrations to reputable companies and keep "fly-by-night" businesses away.

However, guaranteeing that no unsavoury outfits slip through the net may strain Malta's limited administrative resources. If this proves to be the case, the island may seek further help from Chase Manhattan, the US bank which it has retained as a consultant.

The secrecy of legitimate offshore activity is to be guarded by stiff penalties, including imprisonment, for transgressors. But the authorities retain the right to step in in the event of gross misbehaviour, such as drug trafficking.

Even in those cases, any trials would be held in camera before judges sworn to secrecy.

The package of incentives includes corporation tax at a flat 5 per cent on self-assessed

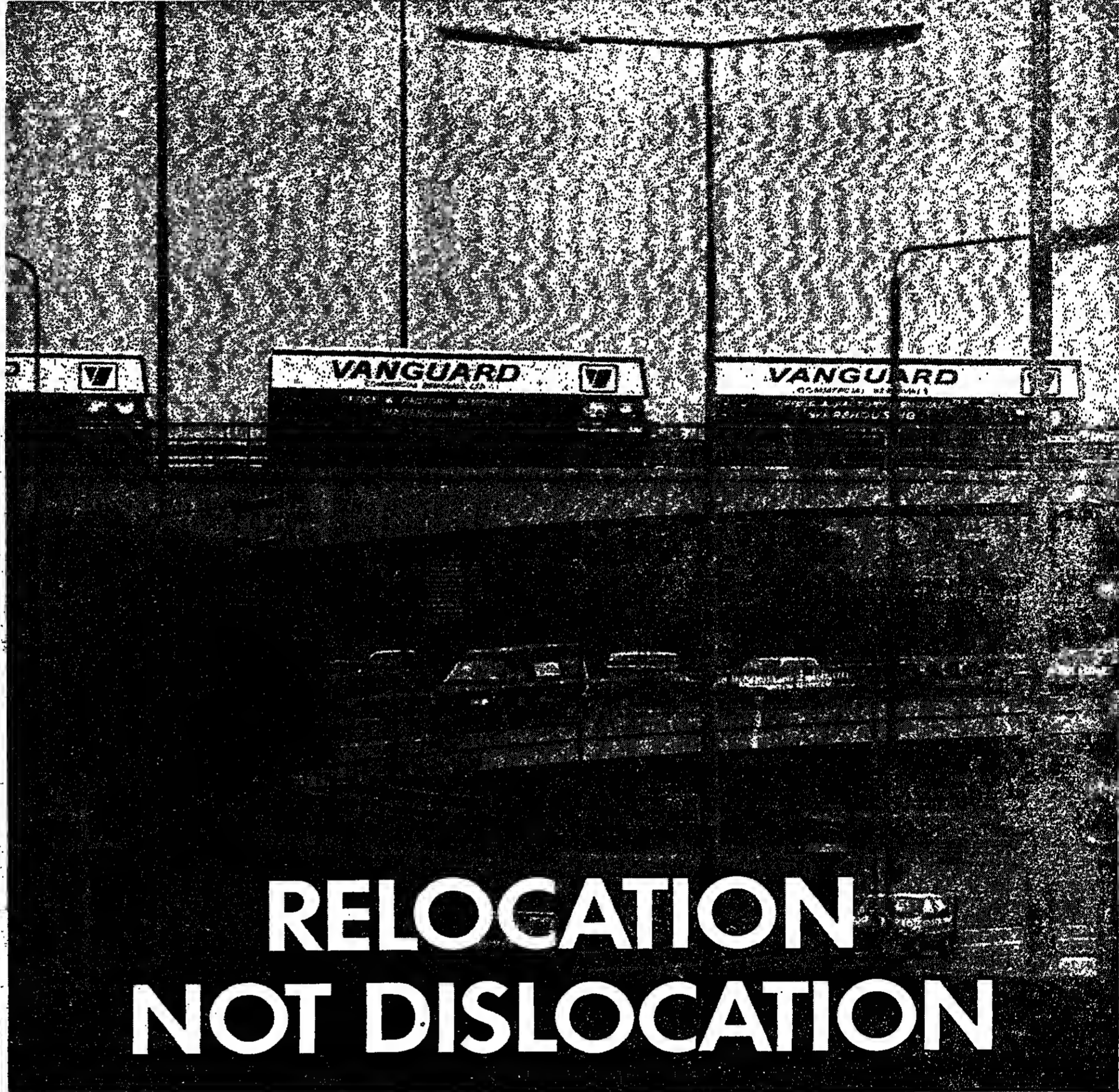
returns, and investment portfolios and ships registered locally can be classified as "non-trading" entities and thus be virtually free of tax obligations.

Unlike "onshore" Maltese banks, offshore banks will not be controlled directly by the central bank: they are exempted from keeping reserve funds locally or maintaining specified assets.

Nor are offshore insurance companies obliged to create a security fund. Blanket concessions include exemptions from exchange control regulations, death, donation and stamp duties.

Offshore insurance firms, in contrast to their Maltese counterparts, are being spared the obligation to keep 40 per cent of gross premium income in Malta, and they may transfer shares, or alter their memorandum of association without prior ministerial approval.

Nominee companies will offer the Maltese an opportunity to work with offshore operations. However, the nominee firms will be held accountable for any breach of the law committed by their partners.



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EUROPEAN NEWS

# W German economy grows strongly in third quarter

By Andrew Fisher in Frankfurt

WEST GERMANY'S economy grew by 3.4 per cent in the third quarter, reinforcing the upbeat tone of recent forecasts and following a string of favourable profit and order statements from leading companies.

The third quarter advance in gross national product comes after rises of 4.3 per cent and 3.4 per cent in the first and second quarters respectively. On a quarter-to-quarter basis, the July-September period showed a seasonally adjusted 1

per cent gain after nil in the second quarter and 1.5 per cent in the first.

The expansion contrasts strongly with the general pessimism expressed at the start of the year before the benefits of a mild winter, the weaker D-Mark, low oil prices, and the capital investment boom in Europe began to be felt.

The figures released by the Federal Statistics Office in Wiesbaden were taken by the Economics Ministry as confirmation that West Germany's

economic growth was broadly based. Thus, growth of 3.5 per cent, the figure agreed on by the Government's council of economic advisers and other economists, looked very probable.

This result, the ministry noted, would be the best since 1979. Last year, GNP grew by only 1.7 per cent, prompting widespread calls, notably from the US, for some form of West German economic stimulus to promote overall growth and thus help reduce the country's

large surpluses by boosting imports.

The surpluses have increased this year, however, as exports have responded to the weaker currency - the D-Mark fell by 8 per cent against the dollar in the first 11 months of 1988 - and to the surge in demand for capital goods, of which West Germany is a leading producer. The mechanical engineering industry association reported a 12 per cent inflation-adjusted rise in new business in August-October over last year, with rises of 8 per cent at home and 15 per cent from abroad.

Leading bankers have expressed optimism about the West German economy in the past few days, though 1989 is widely expected to see a slowdown in growth to between 2 and 2.5 per cent. "It has not been so pleasant to talk about the economy for a long time," said Mr Wolfgang Roeller, chairman of Dresdner Bank. With a further DM40bn (\$12.5bn) of tax cuts due in

# Nato to study Bonn idea for multi-nation airborne division

By David White in Brussels

A WORKING group, headed by General John Galvin, Nato's Supreme Commander in Europe, is to look into a West German proposal for a new international airborne division to strengthen alliance capacity for rapid intervention.

The division would be created by the four European countries in Nato's Northern Army Group - West Germany, Britain, Belgium and the Netherlands.

The UK is taking a cautious approach, saying that it needs to consider in detail how operationally useful a force of this kind would be in practice.

General Wolfgang Altenburg, the West German chairman of Nato's military committee, said the Bonn initiative could be seen as a response to US calls for European allies to shoulder more defence responsibilities.

It should help the US administration to argue the case for maintaining its own capabilities in Europe, he said.

In another important sign of allied willingness to share costs, defence ministers were expected to agree on common funding for the transfer of the US 401st Tactical Fighter Wing, comprising 72 F-16 fighters, from Torrejon, near Madrid, to Crocigno in Italy's Calabria region.

General Altenburg said the military committee was to make a progress report on the international division proposal by next autumn.

Under the West German initiative, other nations might participate, but General Altenburg emphasised that it was conceived as "an additional European defence effort."

# De Benedetti gives sombre warning on 1992

By John Wyles and Alan Friedman in Rome

THE European Community's political institutions will need developing and strengthening if the 12 are to cope with the toll of "dead and wounded" companies which will follow the opening of the single internal market.

This sombre warning of the future lying ahead for the many EC companies still inadequately preparing for 1992 was given to the FT Conference by Mr Carlo De Benedetti, chairman and chief executive of Olivetti. His call for swifter institutional developments at a Community level to deal with the problems lying ahead was echoed later by Mr Denis Healey, the former British Chancellor of the Exchequer, who saw protectionist dangers and a possible breakup of the EC system without political change.

being slow to internationalise their activities and they were encountering strong obstacles to restructuring across national boundaries. At a country level, clear "asymmetries" were emerging, especially between the countries with Germanic and Latin cultures.

Those feeling threatened by 1992 were now using "stronger forms of protection." Companies have begun to adapt their manufacturing structures to

global markets, but the institutional system was failing to show a similar understanding, said Mr De Benedetti.

Mr Healey warned of the difficulties of avoiding protectionism in Europe after 1992. Having removed barriers to competition from within the EC, the countries of Southern Europe would be reluctant to open up to Japanese and American competition.

A flow of resources to the South would have to be guaranteed "to cushion the shock," said Mr Healey, arguing that "you can't have a European market without a European system." Referring to warnings that half of Europe's manufacturing plants will face closure post-1992, he added: "You have to produce an institutional structure capable of dealing with the strains or otherwise it will all break down."

tion-making capacity and its democratic legitimacy, said Mr Samuel Brittan, assistant editor and principal economic commentator of the Financial Times, agreed with Mr Healey's views, adding that "erecting a lot of barriers to keep out American and Japanese products would be madness."

Mr Brittan then went on to say that a free trade area without a monetary component "would not justify the term, 'single market.'" He said that a single European market might not, strictly speaking, need monetary unification, but "it will benefit from having it."

Atlantic." Miss Fukuda ridiculed the notion of "Japan buying the whole world" and pointed out that in terms of trade, despite much talk, Japanese exports to the EC comprise only 16 per cent of total Japanese exports. The Nikko director also decried the more than 130 discriminatory quantitative restrictions being imposed against Japan by several European states.

The Japanese, Miss Fukuda said, were gravely concerned about the risk of a Fortress Europe. Japan did not plan to buy up the best companies in Europe, but it did wish to make direct investments. And the Japanese "are presently terrified of being rejected" in Europe. The Nissan plant in the UK and suggestions about the Community content of Nissan's Bluebird model was the test case.



European business forum: 1992 and after

starting into the EMS exchange rate system, Mr Brittan said that UK inflation had been brought under control, the supply side stimulated by tax cuts, and a large number of nationalised industries transferred to private ownership.

But the current rate of growth had become "unsustainable." Mr Brittan thought it probable that continuing high interest rates and prudent public spending would do the trick in improving the balance of payments.

However, the need for further fiscal action and even direct controls on consumer credit could not be excluded if the balance of payments was not improving by next spring.

In a speech read on behalf of Mr Michael von Clemen, the chairman of Merrill Lynch capital markets, was quoted as saying he was optimistic about the likely results of 1992 and called for the EC to guarantee the right of financial firms to expand their existing base further into EC territory.

Mr Guido Carl, the former Central Bank governor and chairman of Impresit, Fiat's civil engineering subsidiary, discussed monetary and fiscal policies in the context of 1992 and said that the restructuring of the European economy would see a trend towards more privatisation.

# Bundeswehr plans to hold fewer big manoeuvres

By David Marsh in Bonn and David White in Brussels

THE West German army is to reduce sharply large-scale military manoeuvres in an attempt to reduce damage and inconvenience for local people while maintaining troop readiness.

It was also announced in Brussels that Nato's military committee would consider reducing the number of exercise and low-flying runs by the alliance in the Federal Republic.

The Nato move was disclosed by the committee's chairman, Gen Wolfgang Altenburg, who said there was no timetable for a decision. "We are at the very beginning of examining this," he said, adding that the allies must weigh their training requirements against the burden imposed on local people.

Under Bonn's unilateral move, the West German Bundeswehr will reduce the number of big exercises from 21 in 1987 to less than 10 in 1990, and fewer afterwards. However, lower-level training will continue across open country and exercises in restricted military training areas will increase.

Announcement of the move by Mr Rupert Scholz, the

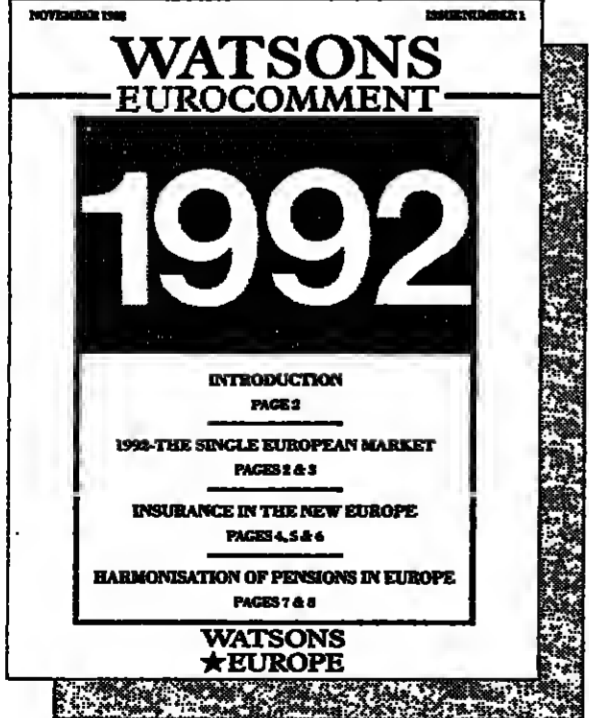
Defence Minister, is understood to have caused some resentment among the military establishment in other Nato countries which keep troops and train in West Germany.

The West German army and the other six countries with a military presence here hold around 80 large exercises a year across open country, with more than 3,000 troops. Nato figures show more than 80,000 flights at below 1,500 feet take place over the country every year.

The British army, which last month carried out Exercise Iron Hammer with 24,500 troops in north Germany, meanwhile called an effort to improve understanding with local residents an enormous success.

The West German Bundestag (federal assembly) yesterday approved by a heavy majority the establishment of a Franco-German defence council foreseen in a government agreement last January. Mr Hans-Dietrich Genscher, the Foreign Minister, said the council was a "building block in the architecture of Franco-German friendship".

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## Suriname takes its civil war to task

The Government must find a solution to a crippling conflict, reports Canute James



President Shankar at his inauguration accompanied by former military leader, Desi Bouterse (left)

WHEN he took office 10 months ago, Mr Ramsewak Shankar, President of Suriname, set his administration two immediate tasks. The first was to get the Netherlands to restore generous doses of financial assistance which had been suspended five years earlier, and the second was to bring to a peaceful end the two-year-old insurrection in the east of the country, which had crippled an already weak economy.

The Government has again started getting aid from the Netherlands, but has failed to end the guerrilla war. Efforts to arrange a ceasefire with Mr Ronny Brunswijk, the rebel leader, are being frustrated by the Surinamese army which favours a military rather than a diplomatic solution to the dispute.

With the support of exiled Surinamese politicians, Mr Brunswijk, a former soldier, harassed the former military government of Commander Desi Bouterse. Failure to kill the insurgency and a steady deterioration in the country's economy eventually forced Commander Bouterse, who took power in a coup in 1980, to hold elections a year ago. President Shankar's government was installed last January.

Although he is no longer head-of government, Commander Bouterse is still leader of the army, and exerts a strong influence on affairs of the Dutch-speaking republic of 400,000 people in north-east South America.

He, and other leading army officers, have been openly critical of the Government's approach to discussions with Mr Brunswijk, despite President Shankar's undertaking to bring the insurgency to an end.

President Shankar said an end to the conflict had to be based on talks with the rebel leaders who got most of their support from the "boschene-gers" of eastern Suriname. The Government's attempts to court the leaders of the boschene-gers - descendants of slaves who escaped to the interior - and get them to attend talks in Paramaribo, Suriname's capital, have foundered on demands by the chiefs that Mr Brunswijk should be included in the negotiations.

The army leaders were incensed when government representatives met Mr Brunswijk in neighbouring French Guiana in June. Talks had been arranged by Roman Catholic Bishop Aloisius Zichem, president of the Committee of Christian Churches of Suriname, but have been at a stalemate ever since.

Mr Brunswijk has been reminding the Government and the army that he has not changed his ways despite the change of government. The rebels recently attacked a palm oil factory, a timber mill and an airstrip. Mr Brunswijk is now demanding administrative control of parts of eastern Suriname. Much to the discomfort of the French Government, the fighting has forced an estimated 8,000 Surinamese to seek refuge in French Guiana.

The insurgency will divert the Government's attention from measures which are needed to correct a tailspin in the economy based on bauxite mining, refining, aluminium smelting, and the production of rice and timber.

The mining sector accounts for 72 per cent of the country's foreign earnings. Rebel attacks on key mines and power lines led to a 45 per cent decline in the sector last year, which in

## Rise of Left worries Brazil's politicians

By Ivo Dawson in Rio de Janeiro

THE routing of Brazil's dominant coalition, the Democratic Movement Party (PMDB), at last month's municipal elections has forced a major rethink on the centre and right as to who can stop the left in next year's presidential race.

Parties of all colours had long calculated that the man to beat would be Mr Leonel Brizola, the ex-governor of Rio de Janeiro and a leftist populist in the traditional strongman mould of Latin America.



Leonel Brizola: old-style populist left is under threat

They had never seriously considered, however, that Mr Luis Inacio "Lula" da Silva, head of the socialist Workers' Party (PT) would make anything but a symbolic stab at the presidency.

But after the PT's astonishing victories at the polls, which included the capture of Sao Paulo - the largest and wealthiest city in South America - a clutch of important industrial centres and the southern capital of Porto Alegre, nobody can deny that Lula, as he is universally known, is up and running.

This week Mr Antonio Ent-

rio de Moraes, Brazil's best known businessman and a perennial political hopeful, was urging President Jose Sarney and PMDB leaders to bury their differences and concentrate on finding a candidate capable of stopping the left.

The PMDB is scheduled to hold a national congress next month to select its candidate with the veteran party leader, Mr Ulysses Guimarães determined to win the nomination. But a whispering campaign is now under way arguing that the 72-year-old party president is too frail to win the confidence of the public.

Instead, a growing lobby appears to be pointing to Mr Mario Covas, a former left-wing PMDB Senator who broke with the party a few months back to form his own, somewhat Fabian group - the Social Democrats (PSDB).

## Fears of overheating ease in US

By Anthony Harris in Washington

A SLUGGISH 0.1 per cent October rise in the US index of leading indicators, and a revised 0.3 per cent fall in the September index, further reassured financial markets yesterday about possible fears of overheating.

Reports from the member banks of the Federal Reserve System on Wednesday, suggesting a cooling of activity, had provoked a strong rally in stock and bond markets. The figures for employment growth to be released today are likely to determine whether this rally is extended.

An analysis of the leading

indicators from the Department of Commerce shows that the revival in housebuilding, the firm stockmarket, rising consumer goods orders and falling unemployment claims pointed to growth. However, a speed-up in deliveries, weak materials prices, lower capital goods orders and a slight fall in the average work week all showed that the economy was well able to handle the current level of demand.

The downward revision of 0.2 per cent in the September index was largely due to a sharp fall in the estimate for outstanding business and con-

sumer credit, which grew at an annual rate of only 4.1 per cent in the month - less than half the average rate for the previous six months.

The reports from the Federal Reserve member banks, which include information up to November 18, also suggest that demand pressure on capacity and in labour markets is easing. It caused some surprise in the markets, where the figures for housing, personal incomes and new jobs had aroused fears of overheating and higher interest rates.

Most districts reported slower growth, with export

demand providing the main strength. The slowdown was particularly marked in the defence and computer industries.

Inflation pressures were also reported to be easing. According to the report: "Despite general tightness in many district labour markets and reports of shortages of skilled workers, only moderate wage increases have been observed."

It adds that "prices continue to increase in many sectors, but the rises do not appear to be as large or as widespread as recorded in previous months."

## Bush speaks up in defence of Tower

By Stewart Fleming, US Editor, in Washington

PRESIDENT-ELECT George Bush yesterday expressed concern over reports critical of former Senator John Tower, who is tipped to become Defence Secretary in the Bush Administration.

Mr Bush, at a breakfast with Senator George Mitchell of Maine, the newly-elected Democratic Senate Majority Leader, said the comments "may be hurtful".

The meeting with Mr Mitchell is the latest in a series with both Republican and Democratic leaders in an effort to demonstrate his determination

to reach out to Congress, and particularly to the Democrats who control the Congress, in the wake of the bruising presidential election campaign.

Mr Bush told Mr Mitchell that he will take the lead in proposing solutions to the Federal budget deficit, something the Democrats have been insisting upon, but there was no indication of when or how he would do this.

The meeting with Mr Mitchell yesterday followed sessions with House Speaker Jim Wright of Texas two weeks ago, Senate minority leader

Robert Dole on Monday and on Wednesday a highly publicised meeting with Rev Jesse Jackson, the black presidential candidate. Mr Jackson said yesterday he expects a "qualitative change" on civil rights in a Bush Administration, compared with the Reagan era.

Mr Bush's comments on Mr Tower followed speculation about whether the former Texas Senator would secure the appointment he is seeking as Defence Secretary.

"This week doubts on this score have been increased by new reports about links

between Mr Tower's consulting business and major defence contractors and veiled criticism of his period as chairman of the Senate Armed Services Committee from former colleagues on Capitol Hill.

On Tuesday Senator Sam Nunn of Georgia, the Democrat who chairs the committee, and Senator John Warner of Virginia questioned the depth of the investigations by the committee into confirmation hearings for Mr Melvyn Paisley, the former chief of navy research and defence who is accused of procurement fraud.

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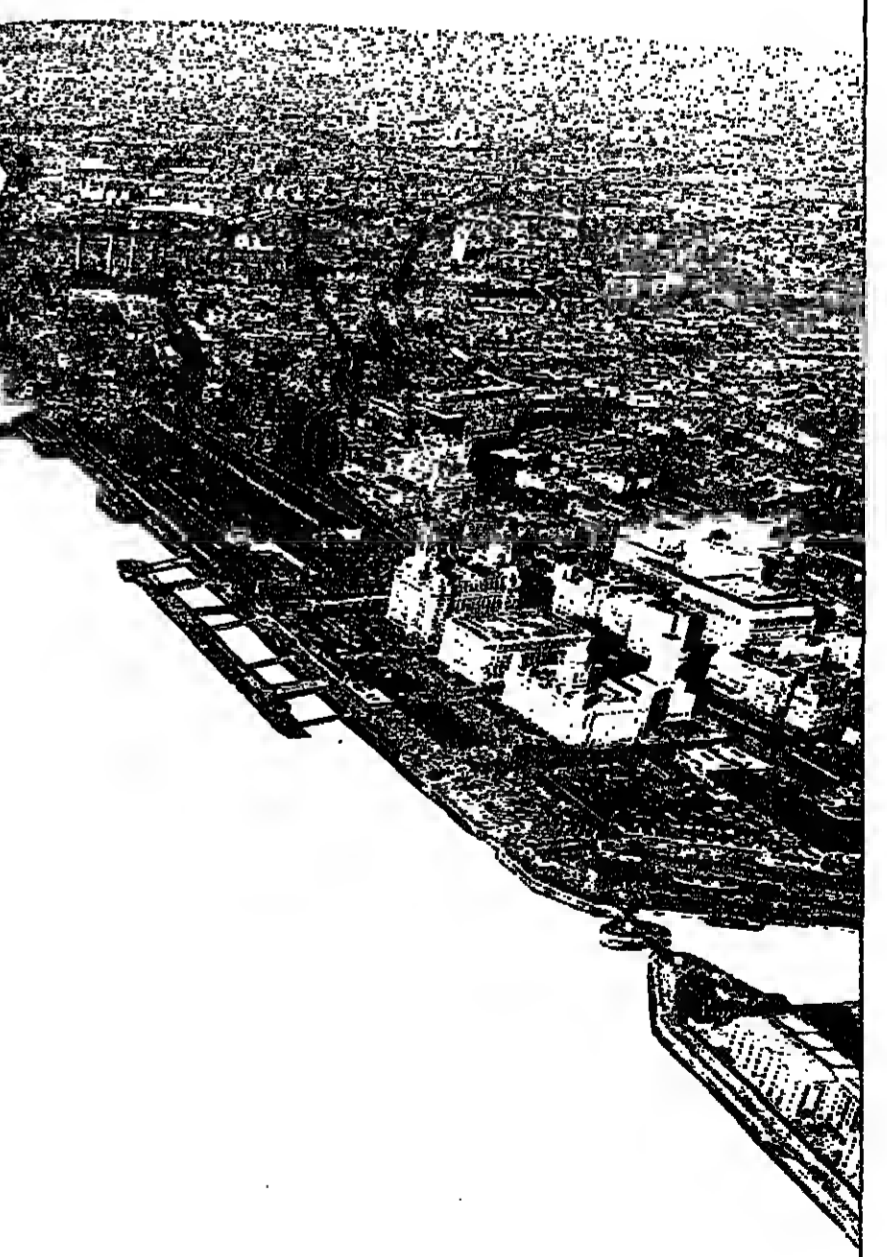
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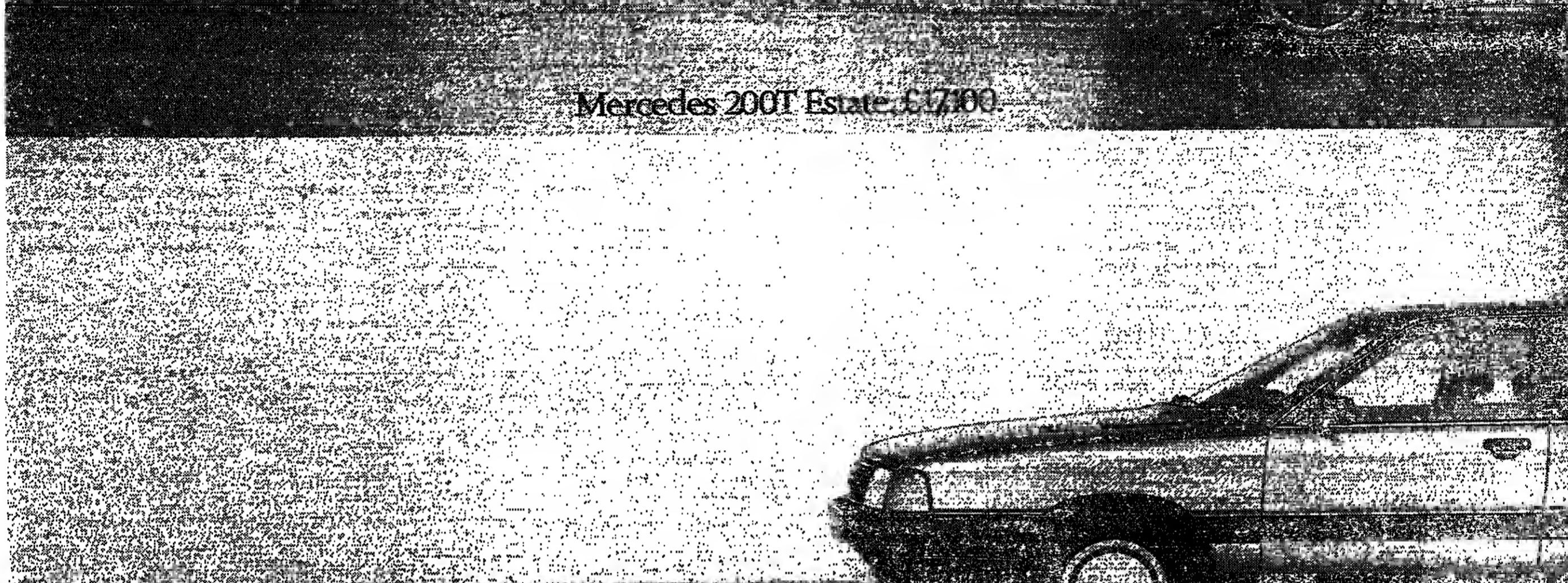
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### Government sets out programme for selling electricity industry

## State to help fund cost of decommissioning N-plants

By Maurice Samuelson

THE GOVERNMENT is preparing to contribute between £1bn and £2.5bn to cover unforeseen costs of decommissioning nuclear stations and handling nuclear waste after the electricity industry is privatised.

This will be in addition to the imposition on all electricity consumers of a "non-fossil" levy. It was suggested last night that this provision was agreed by the Cabinet only after strenuous representations from the Central Electricity Generating Board that without it National Power, the CEB's daughter company which will inherit nuclear plants, would be unworkable.

The Government's plans for privatisation of the electricity industry have been widely seen as the most ambitious step in the Government's privatisation programme. It is expected to be worth £15bn to £20bn.

Mr Cecil Parkinson, Energy Minister, yesterday described the programme as "radical but evolutionary". The CEBG will be divided into two rival generating companies.

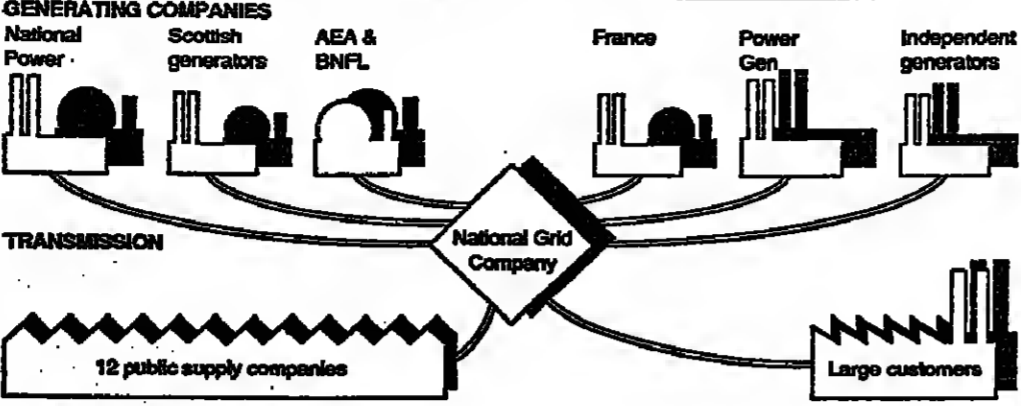
Responsibility for security of supply will be transferred from the CEBG to the distribution side of the industry, which will control the operations of the National Grid.

Like last week's proposals for selling the water industry, the electricity legislation omits many of the details of how the industry will work.

These include the licences to be required for producers and suppliers of electricity and the commercial contracts which will enter the private sector.

However, the Bill does explain how consumers and taxpayers would have to bear the extra cost of nuclear power stations, which the Government says are essential to

### Planned structure of the electricity supply industry



National Power has 70% of UK capacity including nuclear. Power Gen has 50% of UK capacity, no nuclear stations. Nuclear capacity equals approximately 20% of total.

ensure diversity and security of electricity supplies.

At present, 50 per cent of Britain's electricity is coal-fired. With many older nuclear stations approaching the end of their lives, the Government wants to ensure that the present ratio of nuclear to conventional power stations is not altered at the expense of nuclear.

Mr Parkinson yesterday strongly rejected Opposition claims that privatisation would increase householders' electricity bills by 25 per cent in two years.

He also denied that the nuclear fossil levy constituted a new tax. Its proposals for financing nuclear power would "merely open up" the costs which already existed but which had been "lost" in the electricity industry's present accounting methods.

He also said that the public had for a long time been paying a "coal tax" both through taxation and in electricity prices.

The second principle is that competition is the best guarantee of customers' interests. In addition to breaking up the existing industry, Mr Parkinson said he knew of up to 20 proposed independent power projects totalling over 5,000 MW of new capacity.

The third principle is that regulation shall be designed to promote competition, oversee prices and protect customers' interests where natural monopolies - notably the area supply companies - remain.

The regulator will have to promote competition in generation and supply. At the heart of the regulatory regime will be licensing arrangements to control prices which suppliers can charge. They will also allow suppliers other than public bodies to supply direct to specified premises.

The fourth principle is to maintain security and safety of supply. That will be done by maintaining the integrity of the national grid and its system of operating power stations in order of merit.

Editorial comment, Page 22; Lex, Page 24

## 'No plans' to take mortgage costs from inflation measure

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the Prime Minister, said yesterday that there were no immediate plans to take mortgage interest payments out of the measured inflation rate, but she appeared not to rule out indefinitely such a change.

Reboring comments made earlier this week by Mr Nigel Lawson, the Chancellor of the Exchequer, Mrs Thatcher said that the inclusion of mortgage payments in the retail price index obscured the underlying trend of inflation.

They had the perverse effect that a tightening of monetary policy produced a rise in the recorded inflation rate and very few other countries used them in measuring inflation.

In response to repeated calls from Mr Neil Kinnock, the opposition Labour leader, for a firm assurance that the Government would not remove the payments from the Retail Price Index she replied that there were "no immediate proposals" to do so.

Mrs Thatcher said that if they were excluded, some alternative measure of housing costs would have to be included in the RPI. Such a move would also have to be considered by the advisory committee which considers changes to the index.

The careful wording of Mrs Thatcher's response - referring only to the fact that there were no immediate proposals - left the impression at Westminster that the Government is leaving open the option of changing the index at some future date.

Mr Kinnock said that he was "unconvinced" by the reply and last night Mr Gordon Brown, the Labour spokesman on the Treasury, wrote to Mr Lawson asking for a "categorical assurance" that mortgage costs would be retained in the index. Their removal now could hit the index-linked pensions and benefits paid to millions of people.

The advisory committee, which was reconvened two months ago, is considering the implications for the RPI of the forthcoming replacement of domestic property taxes by the poll tax as well as a number of other minor changes.

The Government could propose at any time that it study an alternative measure of housing costs, but one senior minister said last night that there was no "head of steam" for an early change.

## Bill removes limits on work hours for 16 to 18-year-olds

By Charles Leadbeater, Labour Editor

ALL restrictions on the hours which young people aged between 16 and 18 years can work are to be abolished by an Employment Bill published yesterday.

The Bill also removes those legislative restrictions on women's employment, which prohibited them from working in mines.

It will give women the same rights to statutory redundancy pay as men.

Mr Norman Fowler, the Employment Secretary, described it as a "deregulation and anti-discrimination Bill" which would provide women with genuine equality of opportunity in the jobs market.

The minister said that the repeal of legislation on young people's hours swept away archaic regulations which he said were unnecessary complex and were not needed to provide them with protection.

Mr Meacher, the opposition Labour party's spokesman on employment, said that the Bill would lead to more intense exploitation of young workers.

Evidence from the industry most likely to gain, industrial bakeries, showed that young workers might be employed for 12 hours a week on night shifts, he said.

Mr John Monks, the deputy general secretary of the Trades Union Congress, said the Bill would be a charter for bad employers by eroding individual employment rights.

The repeal of legislation governing the employment of young people in factories, mines and shops, some of which dates back to the Employment of Women, Young Persons and Children's Act of 1920, will allow 16 to 18-year-olds to be employed at night in factories.

It will also remove restrictions which at present limit the working day in some industries to between 1am and 6pm. Other restrictions will also be removed on the length of the working day to nine hours, weekly hours and weekend working.

Regulations governing the work of young people with dangerous machinery and substances will be retained, as will legislation covering employment of school children and work in public houses and betting shops.

All legislation which involves discrimination on grounds of sex in employment will be overridden by the Sex Discrimination Act 1975, except health and safety regulations covering women's exposure to lead and radiation, their employment on board ships and aircraft and the employment practices of some women's educational institutions.

The Bill also formally abolishes the Training Commission, and gives to the chairman of industrial tribunals the power to ask applicants with a weak case to provide a deposit of up to £150 before they can pursue it.

It also contains a series of measures covering employment in small business, statutory redundancy payments and shop stewards' rights to paid time off for union business.

Provisions in the Shops Act 1969 which specify meal times, holiday entitlements and hours of employment will be repealed, as will provisions in the Mines and Quarries Act 1954.

The bill will also mean that no child below the age of 16 can be employed in street trading unless employed by the child's parents.

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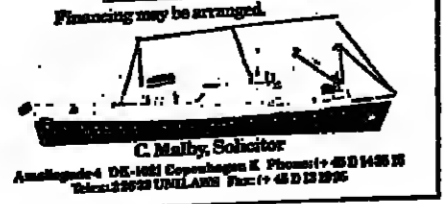
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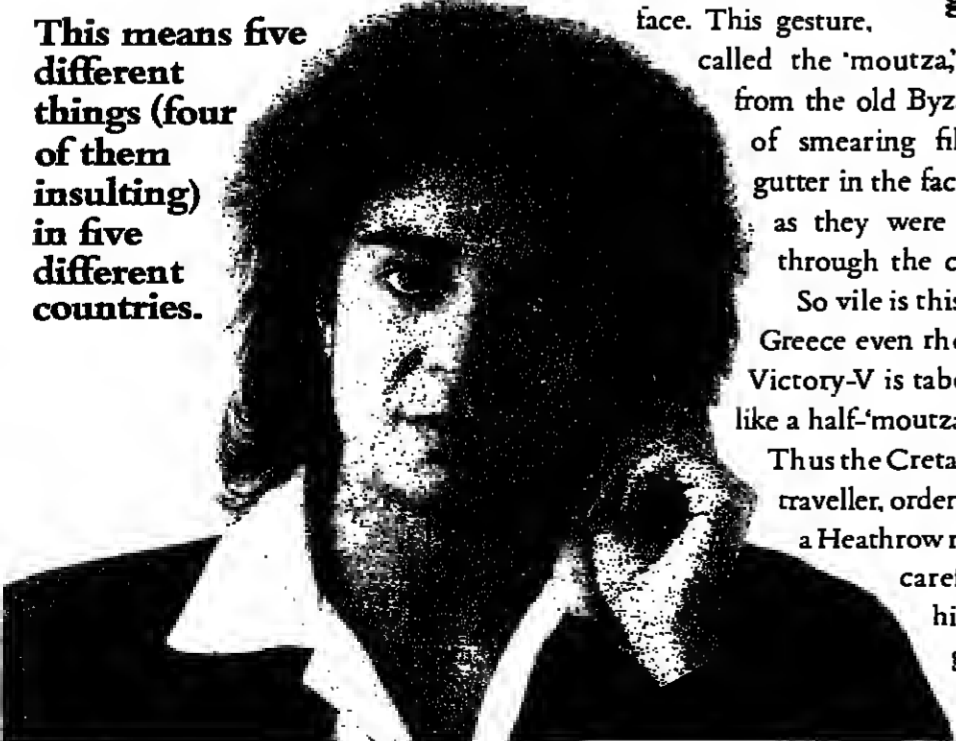


# "WATCH YOUR B\*O\*DY LANGUAGE"



Playing host each year to 36 million people from all over the world is no easy task. Here, noted manwatcher Desmond Morris treats us to a light-hearted look at some of the deadly, but unintentional, gaffes that can so easily occur when cultures collide at Heathrow, the world's premier international airport. To find out more about the eye-pull, the ear-tug, and the celebrated Greek 'moutza,' now read on....

This means five different things (four of them insulting) in five different countries.



I'm never hored at airports. Quite the reverse. I visit them like other people go to the ballet. To a Manwatcher, there's nothing more fascinating than observing citizens of different countries mingling and exchanging body signals.

And nowhere is the performance so enjoyable as at Heathrow, the world's top international airport.

Day and night they pour in, a cast of 36 million a year from every corner of the globe.

Where else but Heathrow could you hope to see Brazilians rubbing shoulders with Brahmins, Poles with Polynesians, Madagascans with Minnesotans and Neapolitans with Nepalese?

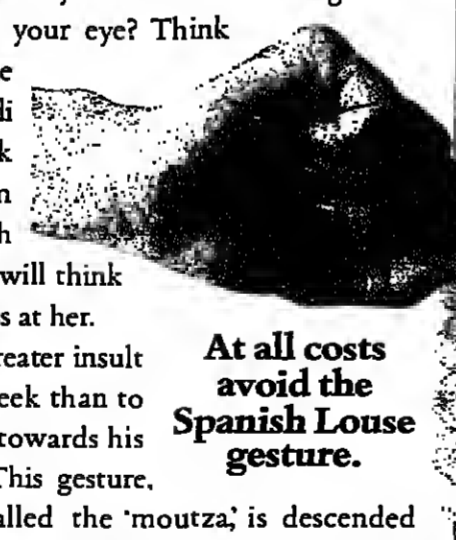


## Intelligence or stupidity? It depends whether you're Dutch.

Each nationality has its own language of posture and gesture. But since these body-lingos are often mutually incomprehensible, an innocent gesture made in an airport lounge may well be an unwitting insult.

Something in your eye? Think before you touch the lower lid. If a Saudi sees you, he'll think you're calling him stupid, but a South American senorita will think you're making a pass at her.

There is no greater insult you can offer a Greek than to thrust your palms towards his face. This gesture,



## At all costs avoid the Spanish Louse gesture.

called the 'moutza,' is descended from the old Byzantine custom of smearing filth from the gutter in the faces of criminals as they were led in chains through the city.

So vile is this insult that in Greece even the Churchillian Victory-V is taboo, as it looks like a half-'moutza'.

Thus the Cretan or Athenian traveller, ordering two teas in a Heathrow restaurant, will carefully reverse his palm and give the waiter two fingers in the best

Harvey Smith manner. With 22,600 orders for cups of tea open to misinterpretation every day, the wonder is the place functions at all.

It's so easy to give offence. Suppose a passenger asks at the Information Desk where he should go to pay his airport tax.

Now the good news is that at Heathrow, unlike many airports I could name, passengers don't pay any taxes. But just as the Information Assistant begins to say so, she is assailed by a tremendous itch and tugs at her earlobe.

Astonishing though it may seem, this simple gesture means five different things in five different Mediterranean countries.



In America this means 'A-OK'.



In France it means 'zero'.



In Japan it means 'money'.



In Tunisia it means 'I'll kill you'.

Depending on his nationality, the Assistant has offered the passenger the following insult:

TO A SPANIARD: 'You rotten sponger.'

TO A GREEK: 'You'd better watch it, mate.'

TO A MALTESE: 'You're a sneaky little so-and-so.'

TO AN ITALIAN: 'Get lost you pansy.'

Only a Portuguese (to whom the gesture signifies something ineffably wonderful) would hang around long enough to hear the answer.

Happily, I can report that BAA's information staff are trained in body language.

A Sardinian woman asks if it is easy to find a taxi at Heathrow. The answer she gets is a cheery British thumbs up. (Very likely from one of the 900 cabbies who serve the airport on an average day.) Immediately, she clonks the unfortunate man with her handbag for making such a devastatingly obscene suggestion. This is why, incidentally, it's inadvisable to hitch-hike in Sardinia.

Isn't there at least one truly international gesture? Don't bet on it.

A Japanese asks an American passenger whether Heathrow has a luggage trolley service. It has. And as it happens, this service is not only first class, but FREE! So the Yank replies with the famous 'A-OK' ring gesture. But to the Japanese this signifies 'money' and he concludes there is a large charge for the service.

Meanwhile, a Tunisian on-looker thinks the American is telling the Japanese that he is a worthless rogue and he is going to kill him.

The ring-gesture can have further meanings.

A Frenchman has just read a BAA advertisement. Glancing around the restaurant in Terminal 4, he remarks wonderingly to his wife, 'You know how much zis aeroporr cost the British taxpayer? Not a sou.' And he makes the finger and thumb ring which to him means 'zero'.

Unfortunately, at the time he is glancing at a Colombian who is enjoying a fine Burgundy with his steak Bearnaise. The Colombian, enraged by the deadly obscenity which he assumes is directed at him, chokes on his wine and catches at his nose with finger and thumb.



## The Punjabi Snake Tongue means 'you're a liar'.

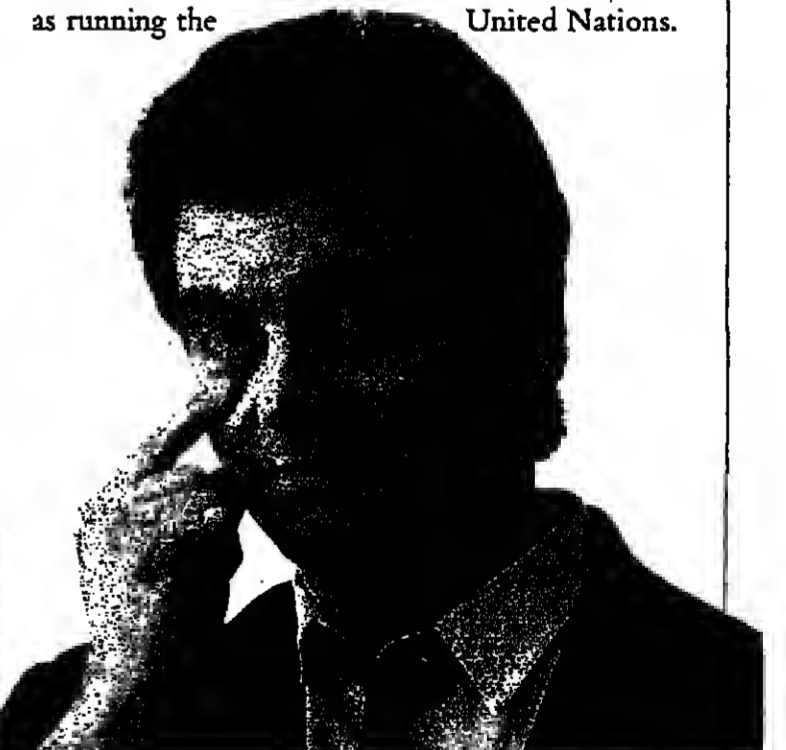
This appalls a Syrian sitting opposite, who thinks the Colombian is telling him to 'go to hell'.

The Syrian is restrained with difficulty by his Greek colleague from getting up and punching the Colombian on the nose. Meanwhile the maitre d' hurries over and attempts to calm the situation with two out-thrust



palms. This of course is taken by the Greek to be a double-'moutza' and in his rage he promptly skewers the unfortunate man with his fish knife.

Of course I am exaggerating to make a point, but I do find it astonishing that Heathrow receives only 8 complaints per 100,000 passengers. Keeping the lid on this simmering rum-punch of international emotions must take every bit as much diplomatic skill as running the United Nations.



## To a Saudi this is insulting. To a Florentine deeply flattering.

But even if you're never treated to such a choreography of misunderstandings, the Heathrow ballet is never dull.

Eyes peeled, next time you're there. (And if you spot anything really unusual, like the South American Goitre Sign, or the Hawaiian Missing Bottle Waggle, do write and let me know.)

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UK NEWS

Treasury's key money measure rising at 7 3/4 %

By Simon Holberton, Economics Staff

THE TREASURY'S key monetary indicator, M0, which measures mostly notes and coins in circulation, appears to have continued growing at an annual rate of around 7 3/4 per cent, preliminary figures for November suggest.

In Brief Korn/Ferry and Stork agree terms for merger

THE BRITISH practice of Korn/Ferry International, the international headhunter, is to merge with John Stork International, a rival firm, Michael Skapinker writes.

Electricians review single-union deals

By Charles Leadbeater, Labour Editor

THE EETPU electricians' union is to review its controversial strategy of signing single-union, no-strike deals.

Compensation deal agreed by most Piper Alpha families

Financial Times Reporter

MOST OF the families of those killed in the Piper Alpha disaster have accepted a compensation offer from the Occidental oil company, it was disclosed yesterday.

He said that in six cases families were considering taking Occidental to court in the US where damages could be much higher.

"We want to make it clear that survivors have not been put to the side. It's sadly the case that you can work out more readily compensation where life has been lost."

A fire and explosion on the North Sea oil platform in July this year killed 167 workers.

Details of the compensation package - described by Mr Burns as a "first class deal" - have not been released officially. But it is understood that the average pay-out will be about \$600,000 for a widow with two children.

Some 73 legal firms were represented at yesterday's meeting. A further 20 firms sent letters to the legal group indicating in most cases that their clients were willing to accept the deal.

Graduates seek jobs in finance

By David Thomas, Education Correspondent

MORE graduates are choosing financially based careers despite last year's stock market crash, while the problems of attracting students to study engineering are intensifying, university and polytechnic careers advisers said yesterday.

This pointed to continuing intensified competition for graduates, with 56.4 per cent of the 71,500 new university graduates last year going straight into full-time employment.

had continued to prove popular and engineering unpopular with this year's graduates, although there had been some revival in interest in civil engineering.

Of those taking permanent jobs, a fifth went into financial work, 17 per cent into management, administration or computing and a further fifth into literary work including the media.

By contrast, only 15 per cent chose scientific engineering or technical research and a further 4 per cent opted for construction including civil engineering.

This was reflected in fewer new graduates attracting salaries at the top end of around £17,000. Careers officers believe the average starting salary for new graduates this year to be about £9,000.

PSA sale 'an option'

By Andrew Taylor, Construction Correspondent

PRIVATISATION of a large part of the Property Services Agency was an obvious option which would have to be considered very carefully by the Government, Mr Christopher Chope, junior environment minister, said yesterday.

Societies merge

Portland and Wessex building societies, both based in the south-coast resort of Bournemouth, will merge to create a group with assets of over £1bn.

VSEL chief quits

Dr Rodney Leach, 56, has retired as group chief executive of VSEL Consortium, Britain's sole nuclear submarine builder, three weeks after heart bypass surgery.

Nectar jobs

Nectar Cosmetics, a beauty products group in Northern Ireland, is to create 263 jobs in a £6.5m, three year scheme. The group at present employs 100.

Engineers in trouble

Three engineering groups in the Midlands, MB Wild, J. Barnsley Cranes and J. Barnsley and Sons, have called in the receiver. The groups, subsidiaries of Wild Barnsley Engineering, make and distribute cranes and lifting gear.

Accidents up

The accident rate among trainees on the Government-run Youth Training Scheme has risen steeply in the last three years from an average of 59 accidents per 100,000 trainees in the third quarter of 1985 to 136.2 for this year's third quarter.

Computer staff face tax clamp on expenses

By Alan Cane

THOUSANDS of Britain's computer experts could face large tax bills for the past six years as a result of the Inland Revenue's attitude to expenses paid to programmers and analysts working away from home for long periods.

City's liking for short-termism 'hindering true venture capital'

By Charles Escheler

BRITAIN HAS yet to create a sufficiently attractive environment for young companies, particularly at the very start-up end of the market, Mr John Nash, chairman of the British Venture Capital Association, said yesterday.

Despite the rapid growth in the amounts of money invested by venture capital organisations in Britain, the popularity of management buy-outs and buy-ins meant that very little of it had gone into early stage or technology companies.

The UK computing services industry is warning that if the Revenue does not concede that such expenses should be exempt from income tax, the cost of its services will have to go up and the industry will become less competitive.

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Companies have conventionally paid their staff the travelling and living expenses while engaged on such projects without deducting tax, on the grounds that the expenses are necessarily incurred in carrying out their jobs.

Matters have now come to a head during negotiations to establish that the Revenue, as a concession rather than a right, would allow expenses to be paid free of tax if a specialist was away from home for no longer than a year. The CSA had been seeking to establish guidelines that both its members and the Revenue could accept as fair and reasonable.

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A. F. I. Atlantic Financial International N.V. Standard Adjustable Rate Notes due 1994. In accordance with the provisions of the Notes, notice is hereby given that for the interest period beginning November 30, 1988 and ending February 27, 1989, the Notes will carry an interest rate of 9.00% per annum.

Anglo American Corporation of South Africa Limited. Interim report and dividend for the six months ended September 30 1988 (unaudited). Consolidated income statement, Consolidated balance sheet, Notes.





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It is possible for a person to be infected with HIV

for several years before any signs or symptoms develop. During this time they may look and feel perfectly healthy.

But, through sexual intercourse, they can pass on this virus to other people. (Who, in turn, can infect others.)

Obviously the more people you sleep with the more chance you have of becoming infected.

But safer sex doesn't just mean fewer sexual

partners. It also means using a condom, or even having sex that avoids penetration.

There is no cure for HIV. (As with other viruses it is quite possible that there never will be.)

AIDS therefore has the potential to be the greatest epidemic the world has known.

And while it may still only affect a few people, its spread is something that now concerns us all.



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MANAGEMENT

# Mitsubishi Motors

## Putting its faith in a wide spread

Gordon Cram examines the auto maker's 'head-on' strategy

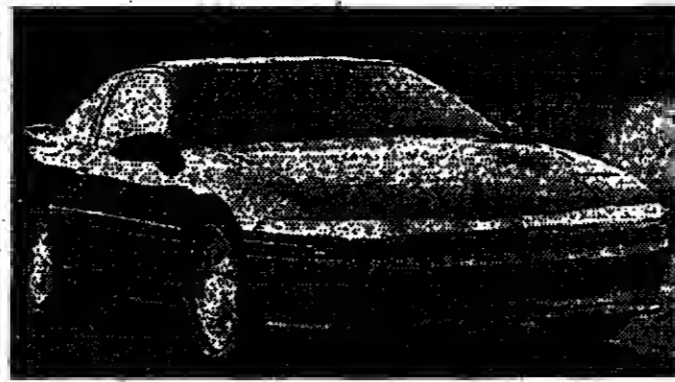
Today, as every Friday, executives from the 28 main companies in the Mitsubishi group will gather in Tokyo to brief each other on developments and coordinate policy across an empire which ranges from banking to petrochemicals.

They will also be monitoring the closing stages in the ¥59.5bn (£265m) flotation of Mitsubishi Motors Corporation (MMC), the world's biggest initial equity offering launched since the October 1987 crash.

Shares in MMC, the country's fourth largest vehicle maker, began trading on Monday in what is also the largest ever flotation of a Japanese private sector company. The move is only one sign of a changing set of relationships as the automotive producer seeks to secure a long-term future worldwide.

MMC started life in 1970 as a project linking Mitsubishi Heavy Industries (MHI), the group's engineering arm, with Chrysler of the US, which took an initial 15 per cent stake. Amid a spate of recent activity, however:

- Revenues of MMC, reaching ¥1,752bn in its latest year to March, have outstripped those of its Japanese parent for the first time. Pre-tax profits were ¥20.8bn.
- Last month it began US car production at an Illinois plant which MMC and Chrysler have set up on equal terms, with a combined investment approaching \$1bn.
- Although a full commitment to Europe awaits clarity on the rules post-1992, Mitsubishi is keen on further offshore production ventures which, in Asian markets, have not only helped offset the high yen, but also provided useful links outside the Mitsubishi/Chrysler fold.
- The share issue itself has already thrown forth a hint that MMC management is becoming more assertive within the group as a whole. It criticised the underwriting stockbrokers for placing shares too readily with favoured clients. Nikko Securities, which is leading the flotation, is also part of the Mitsubishi family, and such disagreements in public are rare in Japan.
- The listing comes at a time when domestic personal spending is strong but Japanese car buyers are becoming increasingly choosy about style and specifications. In the past year MMC has updated its model range and is currently regaining lost market share.
- Analysts are questioning the company's ability to remain a



Toyoo Tate (left) and Eclipse GS Turbo, the first US production vehicle to emerge from Mitsubishi's link with Chrysler

full-line vehicle manufacturer when any future downturn in demand may leave it struggling to maintain economic production of a range which covers everything from 550cc sub-compacts to heavy trucks and buses.

At County NatWest in Tokyo, Sheryl Hog, describing this as her main worry about the company, sees "more and more competition in each market. If there is a slowdown, its resources will be severely stretched."

Toyoo Tate, MMC president for the last five years, acknowledges that "competition will become even more severe." But as the architect of its vigorous international expansion he is anxious to dispel the idea that any radical rationalisation may be in prospect at home. In an interview in Tokyo he said: "We are spread very widely. We have a history of this... We have to compete head-on."

He argues that the spread between cars of all sizes and commercial vehicles gives MMC a more even ride through cycles of demand which affect different market segments at different times.

In this way, large trucks are influenced rather more by expenditure levels in the public and corporate sectors, particularly construction activity. According to the Japan Automobile Manufacturers Association,

growth in domestic registrations for new trucks has been running ahead of those for cars in each of the past four years, gaining ground as the Japanese government stimulated capital spending.

Tate, looking to the competition, observes with satisfaction: "Mazda doesn't have these trucks."

In unit terms they constitute less than 8 per cent of sales for MMC, but with more than a quarter share of the sector it has risen to rank second only to the specialist producer Hino. In addition, about 60 per cent of MMC's unit output is in light vans, pick-ups and other small commercial vehicles where its recent growth has also been ahead of the rate for the industry as a whole.

This year's most striking feature, however, has been in the market for compact cars, where MMC's sales in Japan are up more than a third in 1987, or triple the industry average. It is still a distant fourth to Toyota, Nissan and Honda, but collecting a car-of-the-year award for its Galant four-door sedan has crowned a range redesign which has been widely applauded although some industry watchers say, overdue.

Regular styling changes are one way in which a car maker can, at a cost, maintain and build on its market position.

According to Tate, other parts of MMC strategy involve the increased use, in line with other manufacturers, of components common to various models, and keeping flexibility at a maximum on the production line itself.

At its Okazaki plant near Nagoya, five distinct car models and their variants are produced on a single line, using an MMC-pioneered system which allows differentiation in serial assembly to an extent which its officials believe remains unmatched.

Okazaki is the company's most modern car plant in Japan as well as one of its biggest, being responsible for a third of the 600,000 cars it produces within the country each year. With MMC contributing the technology for the joint US factory at Bloomington-Normal, Illinois - where output of an initial sports model is planned to reach 100,000 units next year - there are parallels fourth to Toyota, Nissan and Honda, but collecting a car-of-the-year award for its Galant four-door sedan has crowned a range redesign which has been widely applauded although some industry watchers say, overdue.

Regular styling changes are one way in which a car maker can, at a cost, maintain and build on its market position.

Fanuc get a small look-in.

Japanese manufacturers are known for squeezing margins at tied suppliers, and the difficulties brought about by the strong yen have only reinforced this reputation. But MMC, more junior than those from which it is buying in the Mitsubishi group, is unlikely to have that amount of leverage.

Mitsubishi Corporation, the giant trading house, meanwhile acts as the main intermediary for deals outside the group.

According to Benjamin Moyer, automotive analyst at Merrill Lynch in Tokyo, "The core of the Mitsubishi group is the trading company... It just means that Mitsubishi Motors may be less able to do things that may be to the disadvantage of the trading company."

He adds that the relationship is not all one-way, and that Mitsubishi Corporation's long-established connections abroad have facilitated the entry of MMC into markets like Malaysia and South Korea.

It is on the marketing side that changes may become more evident. MMC has derived nearly a quarter of its revenue from exports to the US, supplying under its own name and, with varying success, to Chrysler.

Both sides insist that Diamond Star will add to rather than replace this arrangement. First year output there will be devoted equally to the Mitsubishi Eclipse and Plymouth Laser - variants of a budget-priced coupé which goes on sale next month.

This strengthening of ties has not, however, been echoed by Chrysler in its dealings with the Mitsubishi family in Japan. In rebuilding its international presence the US auto maker formed a separate link recently with the go-ahead Seibu group to distribute Chrysler vehicles in Japan.

Each company may now on do more independently. MMC will use half the share issue proceeds to retire debt, investing the remainder in expansion. The 9.1 per cent of expanded capital being floated will leave Chrysler and subsidiaries still with more than 20 per cent, a level with which it expresses contentment.

MMC, however, is set to tap the market for further funds "from time to time, looking for specific opportunities," according to Tate. From a standing start, the company is about to enter the fast-lane traffic of the Tokyo Stock Exchange with an impatience which reflects an 18-year wait.

### British Quality Awards

## Winning by scoring zero

Anthony Moreton on Sony's campaign to eliminate defects

No quality inspector walks up and down the lines among the 1,500 workers at Sony's television plant in Bridgend, South Wales, picking out dull components and dropping them in the waste bin. Instead, each and every worker is expected to be his or her own quality inspector.

Sony has a zero defects campaign within the plant which puts the onus of responsibility on each operator. The company has turned round the usual approach. Instead of "inspecting out" problems after they have occurred it attempts to ensure they do not occur in the first place. It is this philosophy that has just won it, along with Express Engineering of Newcastle upon Tyne, one of the two 1988 British Quality Awards made by the British Quality Association.

For Hiro Nakamura, managing director, the award is doubly satisfying, though he only draws attention to one part: "Over the last few years a remarkable amount of effort has been devoted to our Zero Defects Campaign to enhance the high quality reputation Sony Bridgend's products enjoy throughout Europe."

What he does not state is the satisfaction that Sony, the first Japanese plant to be based in Wales, became the first Japanese company to win the award. Nakamura, after eight years in the principality, considers himself an honorary Welshman.

The British Quality Award Scheme was set up in 1984 to

encourage individuals or companies to improve the standard of a product, process or service. Such improvements are not intended to be a one-off achievement; a candidate's record over the previous four years is the yardstick. Previous winners have been Plessey Office Systems, IBM, Rank Xerox, J C Bamford Excavators, Whesoo Heavy Engineering, Ford and Schweppes; Sony and Express Engineering have joined an exclusive club.

In Sony's case the award recognises its achievements in the production of the Trinitron range of colour television sets and its output of TV components.

"Our products are always seen in the market as top-quality ones," says Alan Jones, personnel executive. "We have achieved that by moving away from an inspection-type quality assurance to a production-elimination type of quality. Instead of inspecting out problems and defects we try to ensure no defects arise in the first place."

"We aim for a defect-free input system rather than a defect-free output one. That has been the big shift in our philosophy over the past few years," Jones adds. Responsibility for quality falls squarely on every worker. Each has to ensure that each piece he or she - about two out of every three operators are women - receives is perfect before passing it on.

Jones readily admits that 100

per cent perfection can only be an ideal in other than a perfect world. "We know things happen in the real world that shouldn't, but we don't at Sony accept that they necessarily will happen. It's an attitude of mind. If the attitude of mind of the worker is right we have gone a long way towards achieving our goal."

That "attitude of mind" does not come from long work-bench meetings, or quality-control committees. It starts even before a new recruit walks through the factory gate and dons the company's blue livery.

"We have a rigorous selection policy," says Jones. "We try to ensure that the workers we pick are not only the best available but also will be the best for the sort of work we want them to do. Most people are on our side, anyway. People don't want to turn out shoddy goods; they always prefer to produce something good. Nor do they want to be associated with a shoddy firm. Quality and attitude of mind, therefore, go hand-in-hand."

Jones admits it is easier to inculcate quality appreciation in a television or a car factory. "You can see a car outside your garage or a TV set in your living room and say 'that's a nice car or television or whatever.' It's more difficult to associate yourself with quality if you are producing coiled steel. But if you make sure the design is right, that it can be made defect free, then even in steel production you have achieved a big step forward."

### Philosophy

### Business courses

Techniques for integrated business planning, December 5-6, Amsterdam; December 8-9, Munich; December 12-13, Paris; December 15-16, London. Fee: £295 + VAT, FFrs 6,920, DM 2,050, or other currencies. Details from SAL 58P Seminar, Victoria House, Suite M9, Southampton Row, London WC1B 4EF, England. Financial future and options, January 23-25, Brussels. Fee: BFr 75,000 (non-members); BFr 65,700 (members). Details from Management Centre Europe, Customer Service Department,

Postbus 96 NL-3417 ZH Montfort, The Netherlands. Telex (Belgium) 32/513.71.05, Telex (Belgium) 21917 mce b, 61748 mce b. Network architecture, the multi-vendor environment, December 8-9, London. Fee: £475 + VAT. Details from The Network Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. International franchising briefing, December 7-9, Brussels. Fee: BFr 76,000 (non-members) and BFr 68,400. Details from Management Centre Europe, Postbus 96 NL-3417 ZH Montfort, The Netherlands. Telex (Belgium) 32/2/

513.71.05, Telex (Belgium) 21917 mce b, 61748 mce b. Targeting the female buyer - advertising and marketing to women, January 24-25, London. Fee: £480 + VAT. Details from Conference Manager, Forum Communications, London House, 26-40 Kensington High Street, London W8 4PF, Tel: 01-938 2222, Fax: 01-937 4546. DP project management, January 30-February 1, London. Fee: £595 + VAT. Details from the Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Telex: 299180 MONINT G. Fax: 01-871 3866.

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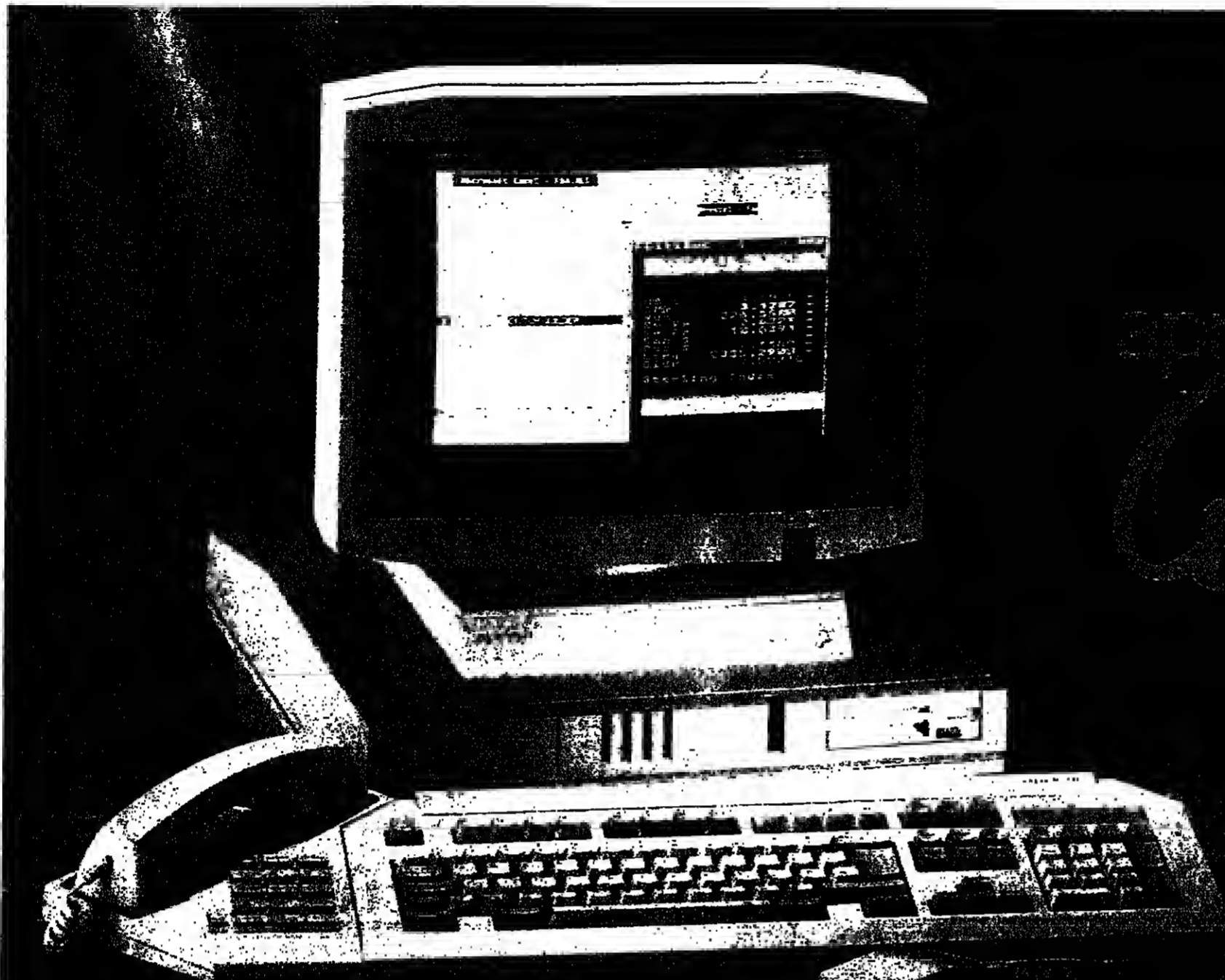


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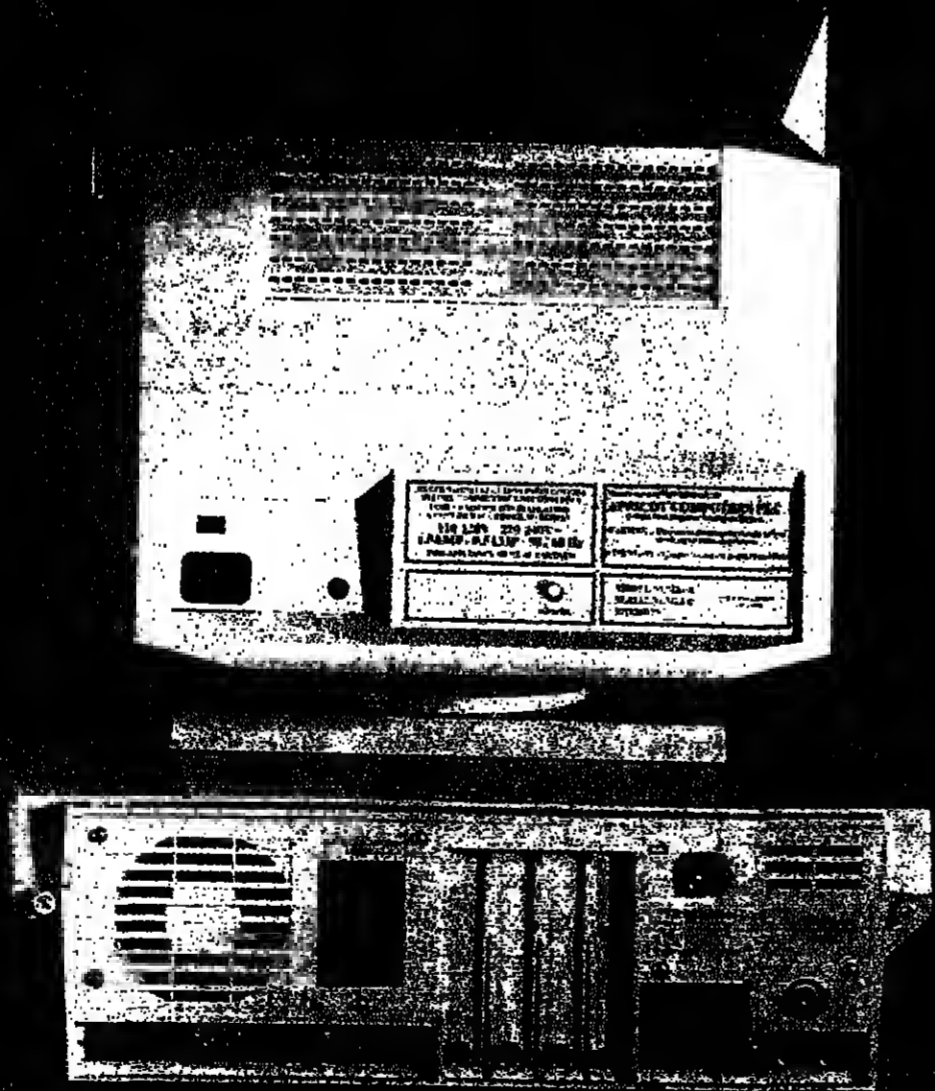
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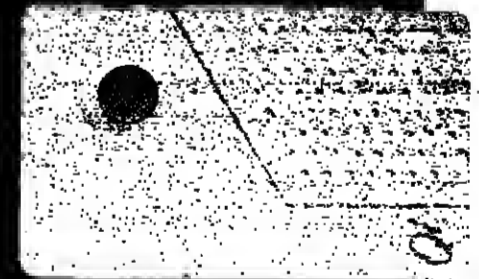
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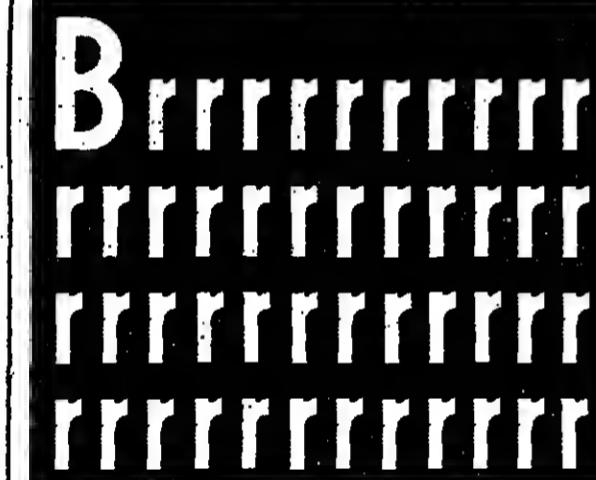
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Norddeutsche Landesbank Girozentrale  
 Dated 2nd December, 1988.

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**FT LAW REPORTS**

**Investigation powers are not retrospective**

**REGINA v SECRETARY OF STATE FOR TRADE AND INDUSTRY, EX PARTE R**  
 Divisional Court (Lord Justice Mustill and Mr Justice McCowan); November 28 1988

A PERSON whose alleged investment business is under investigation by the Department of Trade and Industry cannot be required to disclose documents relating to transactions which took place before December 18 1986, in that activities conducted before that date were not "investment business" for statutory purposes.

The Divisional Court so held when granting an application by a businessman for judicial review of a demand by the Secretary of State for Trade and Industry that he should disclose certain documents for the purposes of an investigation into his alleged investment business.

Section 105 of the Financial Services Act 1986 provides: "(1) The powers of the Secretary of State under this section shall be exercisable in any case in which it appears to him that there is good reason . . . for the purpose of investigating the affairs . . . of any person so far as is relevant to any

investment business which he is or was carrying on or appears to the Secretary of State to be or to have been carrying on . . . The Secretary of State may require the person under investigation . . . to produce . . . specified documents which appear . . . to relate to any matter relevant to the investigation . . ."

LORD JUSTICE MUSTILL said that earlier this year the Secretary of State appointed two inspectors to exercise the powers of investigating "investment business" conferred on him by section 105 of the Financial Services Act 1986.

The inspectors wrote to the applicant identifying 14 categories of documents. They called on him to produce all documents emanating from him or addressed to him or certain companies, from February 1 1984.

Although willing to disclose certain of the documents voluntarily, the applicant objected to the validity of the demand on the ground *inter alia* that no activities carried on before December 18 1986 (the appointed day for section 105 to come into force), were capable of amounting to "investment business".

Since the inspectors did not accept his objections he applied for judicial review. The

question for the court was whether activities carried out before December 18 1986 could be "investment business" within the meaning of the Act.

The applicant contended that, first, "investment business" was a concept which did not exist with this very special connotation until the 1986 Act created it, so that it was impossible for anyone to be carrying on investment business before the appointed day. Second, it was said that even if investment business was capable of existing before that day, Parliament could not have intended that the powers under section 105 should be exercised in relation to pre-Act business. It was contended that "he . . . was carrying on" must be read as subject to the implied qualification "after the appointed day".

To the first limb of the argument the Secretary of State replied that "investment business" was not a new species of activity, but a new label.

In order to decide whether any pre-Act transaction had characteristics enabling it to rank as investment business if that concept had then existed as part of English law, it would have been necessary to know two facts: first, whether the transactions concerned investments of a type described in Part I of Schedule 1 to the Act (which included rights under

contracts for options, futures and differences, and long-term insurance contracts); and second, whether the dealing was an excluded activity within Part III of Schedule 1.

Of those, the first fact was readily ascertainable, its existence being independent of the coming into force of the Act, and of anything done under the Act. But in many cases the second fact could not be ascertained.

The definition of investment business involved a qualification expressed partly in terms of excluded activities set out in Part III of Schedule 1. Those embraced certain types of transaction where the party with whom the investigated person did business came within categories which could not have existed before the mechanisms created by the Act were available and utilised (see paragraph 17(2)(a)).

The only way to save the idea of retrospective labelling was to hold either that the impossibility of identifying an excepted transaction meant that all pre-Act dealings were automatically excluded from investment business (in which case the category would become larger on the appointed day), or were automatically included (in which case it would shrink).

Neither reading conformed with what the Act said, or with

common sense. Section 105 just would not work if it was read as applying to pre-Act transactions.

That objection seemed unanswerable.

On examining the main provisions of the Act to see whether the legislature could have intended to confer powers to investigate transactions which were over and done with before it came into force, two things seemed clear.

First, the Act created an elaborate new structure which was to come into effect for the future, as a replacement for the much less ambitious scheme of the Prevention of Fraud (Investments) Act 1958.

That factor was not conclusive in itself, since it would be possible for one isolated section to look backwards. But it did suggest that one should look with care to see what reason the legislature might have had for giving section 105 that singular effect.

Second, and more important, there seemed to be nothing elsewhere in the Act which might furnish such a reason.

The Secretary of State might, in appropriate cases, need to examine what had happened in the past in order to decide what course he should take in the future. Also, a power to look at the past to explain the present must be implicit in section 105.

There was, however, no reason why Parliament should have given the Secretary of State powers to investigate putative investment business before the Act and to underpin the supervision of such a scheme and the application of sanctions to enforce it, when the scheme only began to come into existence on the first of the appointed days.

Accordingly, the question posed was answered in the negative.

Mr Justice McCowan agreed.

For the applicant: Anthony Arlidge QC, Peter Rook and David Choovers (Solicitors).  
 For the Secretary of State: William Charles (Solicitor, Department of Trade and Industry).

**CORRECTION:** In *British and Commonwealth Holdings plc v Quadrex Holdings Inc* (FT, November 30 1988) appearances were:

For Quadrex: Mark Waller QC, Nicholas Padfield and Dominic Dowley (Herbert Smith & Co).  
 For B & C: Anthony Grabner QC, Nicholas Studien and Craig Orr (Slaughter and May).

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THE PROPERTY MARKET

# Peel Holdings reaches for its shopping basket

By William Cochrane



John Bushell: the chairman of London Shop

Peel Holdings, the dynamic retail warehouse developer, has assembled a powerful team to mount and finance its bid for London Shop, the specialist in secondary retail property. However, there are potential snags in the structure of the bid which the market senses but has yet to evaluate. In the big haul market of the early 1970s, there was a rash of reverse takeover bids: a highly-rated but small company would bid for a bigger but slower target. On the face of it, this would combine industrial reorganisation with a more attractive corporate vehicle. The bloom faded when analysts devised reverse takeover

arithmetic. This showed that the higher the "predator" bid, the more it diminished the value of its existing shares. Reverse bids went out of fashion.

Today they are back, and one of them is in the property market. The predator is more clever and the merchant bank more innovative, almost athletic, in the case of Peel and its adviser, S.G. Warburg. But this is, effectively, a case of a smaller company bidding for a bigger one; and the mechanics of the offer can be analysed to show the risks which the participants are taking.

- The sequence went like this: On November 7 Peel bought 21 per cent of the London Shop shares from the British Steel Pension Fund (BSPF).
- On November 25 Peel bid 300p a share for London Shop, valuing it at £269m.
- On November 30 Peel put out a formal offer, to be financed by a £121m rights issue at 300p per Peel share, and by borrowing.

underwrite 9.95m of the shares to be issued. Having received £29¼m from Peel for its London Shop shares (at a price of 270p) and associated holdings of London Shop convertible loan stocks, BSPF would have to put nearly £30m back if the rights issue did not interest some other Peel shareholders.

However, Peel had more power to its elbow. Another 9.95m of the rights issue shares are to be underwritten by Comptrol, a subsidiary of the Olayan group, the Saudi-based, international conglomerate whose net worth is said to be billions of dollars and which injected assets into Peel for a 6.5 per cent equity holding last May. Peel has powerful friends. In the formal offer, Peel notes that the London Shop share price was only 243p on October 6 - "the day preceding press speculation regarding the British Steel Pension Fund's interests in London Shop and a possible takeover." As it happens, that would have capitalised London Shop at some £220m, assuming full loan stock conversion. On the same day, Peel, priced at 300p,

would have stacked up to £156m on the same basis.

A 1970s philosophy would say that the two companies, joined together, would be worth their sum of their parts before the shouting started: about £378m on October 6. This equity is going to be increased by rights issue proceeds of £121m, before expenses; and diminished by the £269m either already paid, or due to be paid to London Shop shareholders.

What emerges is £228m, or 250p a share on the Peel capital, diluted for preference conversions and increased by the rights issue. And if Peel were tempted to increase its offer for London Shop, on these calculations a 10 per cent increase would result in a 12 per cent, or 30p further decline in its ex-rights, ex-bid share price.

None of this takes into account what John Whittaker, the highly praised entrepreneur, will be able to do with the London Shop assets if he gets them. The Peel rights issue was priced on a fine discount, so both BSPF and Olayan had to have a high regard for Mr Whittaker's tal-

ents to lend such weighty support. However, these talents, to some extent, were appreciated a couple of months ago.

The market has probably not given much thought, either, to John Bushell, chairman of London Shop. Mr Bushell, like Warburg, is a merchant banker, although he comes from Schroders.

He joined the London Shop Board at the beginning of 1983, just after Schroders had helped London Shop fight off a £19m bid from Godfrey Bradman of Rosehaugh. Mr Bradman, coincidentally, was trying to double his asset base at the time, and bidding from a 21.4 per cent London Shop holding it had acquired from another predator, or "disenchanted shareholder". Both Rosehaugh and London Shop have grown a bit since then.

Mr Bushell was joined on the Board in 1986 by Clive Coward, who came from the private company S.G. Whittaker ("no relation" he says), which he had run for 15 years. "When I joined, I knew that London Shop was on the stockbrokers'



Clive Coward: head of London Shop's development arm

takeover lists," said Mr Coward this week. "Everybody in the company was aware that we had to perform."

Mr Coward came in to run the nascent London Shop development arm, which now has about a dozen projects in train worth perhaps £20m of completed value in total. This is not big, but big development programmes have lost their attraction as interest rates have risen and floating rate debt has become an accepted liability in the stock market.

"I think that the results of what I've done will start showing next summer," says Mr Coward, "and I would hate to have an outsider come in and reap the benefit."

# A buyer's guide

The international push into the UK property market, reflected at headline level by Olayan's part in the Peel underwriting, Rodamco's bid for Hammerson and the Bayerische Hypo-Bank link with Richard Ellis this week, is recognised by solicitors D.J. Freeman in its "Legal Briefing" on foreign investment in UK property.

Freeman takes 13 pages of fairly large type to tell potential overseas buyers of UK property, in simple language, about the property investment business. The paper deals with tenure; professional advisers; the occupational lease system; structuring investment depreciation allowances or the lack of them; problems of absentee landlords; the appointment of agents and so on.

Freeman has one of the largest property departments in London which employs over 60 solicitors. While it has been getting an increasing number of UK clients during the current boom, it has seen major Scandinavian, US and Japanese institutions moving decisively into the market.

"I think that they are now underpinning a market which is not as strong as it was," said David Solomon, a senior partner of Freeman, this week. However, he added that Freeman wanted to increase its share of the market and this was increasing its foreign clients.

The firm is specifically not in competition with the agents. "Surveyors and firms of solicitors are trained in totally different professional disciplines," it says, "but frequently work closely together on property transactions."

If even gives a nod in the direction of the accountancy profession: "... specialist advice in relation to tax should always be obtained in connection with each investment proposal," says the paper. However, Mr Solomon notes that, in this case, solicitors very often find themselves advising in precisely the same areas as tax accountants.

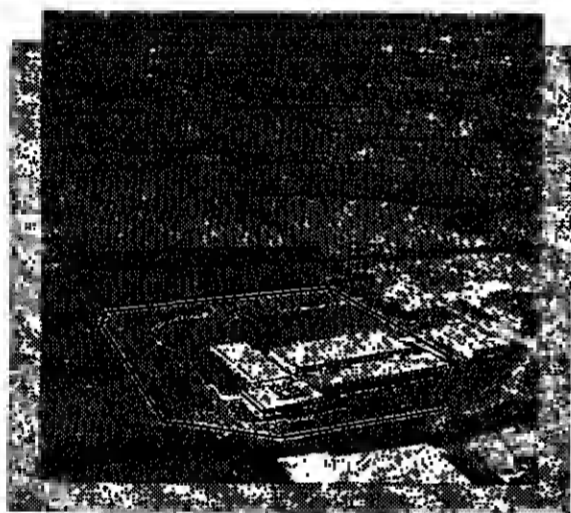
Foreign buyers must show financial strength to move in on the UK market, he says. "One of the sensitive issues, when you are waiting for a deal to close, is that the vendor will think about the possibility of having to pursue legal remedies outside the UK."

In that situation, it might be better for the buyer to be a substantial principal, rather than a newly-formed subsidiary. "It is not always true," observes Mr Solomon, "that parents stand by their subsidiaries when they are not legally bound to do so." The UK vendor's knowledge of that wrinkle might be crucial when the foreign buyer is competing for a site with a big UK property company.

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ARCHAET (UK) LIMITED NOTICE IS HEREBY GIVEN, pursuant to section 40(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the offices of Cork Gully, 14 Cross Burgess Street, Sheffield S1 1QA, at 10.30 hours on 8 December 1988.

FOR SALE OFFICE AND STUDIO UNITS IN OUTSTANDING NEW ATRIUM DEVELOPMENT PLAZA 535 KINGS ROAD CHELSEA, SW10

IN THE HIGH COURT OF JUSTICE No. 604460 of 1988 CHANCERY DIVISION IN THE MATTER OF MAXWELL COMMUNICATION CORPORATION plc and IN THE MATTER OF THE COMPANIES ACT 1985

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ARTS

Arts Week
[ ] [S] [Su] [M] [Tu] [W] [Th]
[2] [3] [4] [5] [6] [7] [8]

December 2-8

MUSIC
London
Royal Philharmonic Orchestra
conducted by Antal Dorati.

Cologne
Juillard String Quartet. Mozart,
Carter and Franck. Cologne Philharmonic (Fri).

New York
Alexander String Quartet.
Haydn. Ho Yoon Park. McKinley.

OPERA AND BALLE
London
Royal Opera, Covent Garden.
The second opera production

Interpretation of Aida with an
emphasis on the conflict of public
careers and personal needs.

THEATRE
London
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Alec Guinness and Edward

A Chorus Line (Shubert). The
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US has not only supported

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Instruments and artworks which

Walzer Eckert is now on exhibit-
tion until November 20. Worth

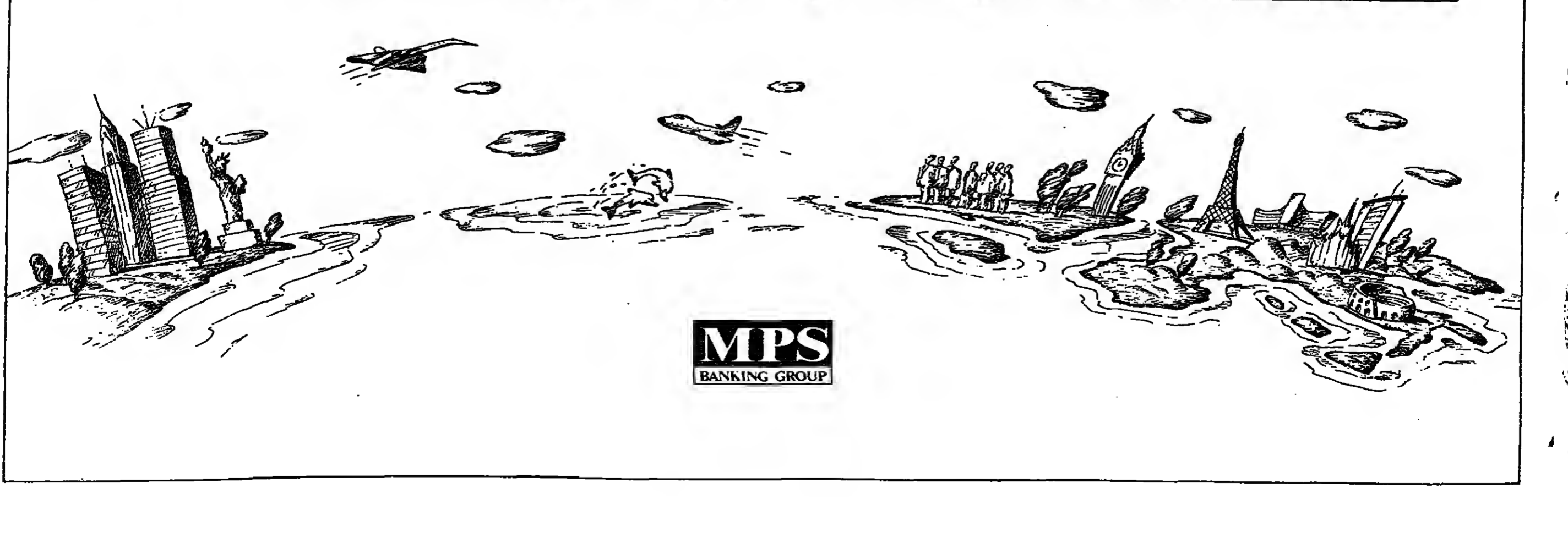
how great an influence and a
patron was Rudolf II. He it was

for 30 years includes more than
250 objects and paintings from

Brigadoon (Victoria Palace). 1947
Lerner and Loewe's "heaven-

Toyoko. The puppet theatre
is one of Japan's most refined

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ARTS

CINEMA

Animated antics of sheer delight

WHO FRAMED ROGER RABBIT (PG) Steven Spielberg

VERONICA CRUZ (PG) Miguel Pereira

THE HIDDEN (18) Jack Sholder, Bob Hunt

EUROPEAN FILM AWARDS

Further breath is taken away - keep plenty handy - when the cry of "Cut" rings out and we find ourselves on a live-action soundtrack where the animated stars (Roger and a fast-talking baby in diapers) mix freely with a real live crew and director.

an airborne Dumbo smiles sweetly through his office window.

This is Hollywood as anyone who has been there knows it: a two-tone place where the God of freewheeling make-believe jostles with the stern Mammon of market forces.

Two such, one each from Disney and Spielberg, have just opened to breakneck business in America. And preceding them has been the year's fiercest box-office success (\$150m to date).

on, you sniff the unmistakable odour of red-hot inspiration burning good ideas in a chafed. The plot starts to repeat itself and the final showdown seems interminable.

teacher have travelled to Buenos Aires to hunt for Dad, who may have become a "desaparecido," the writing on the wall starts to be spelled out in giant capital letters.

Yet at best, in early scenes, the movie has a supple and mischievous wit. "Mr Teacher, what does Hong Kong mean?" pipes a schoolboy, scanning the labels on a new issue of Argentine flags sent by the bellicose Junta.

It is certainly more worthwhile than *The Hidden*. Directed by Jack Sholder from a doctory script by Bob Hunt, this has the city of Los Angeles in turmoil at the arrival of an extra-terrestrial slug.

Last Saturday saw the unveiling of the first ever European



Bob Hoskins with Roger Rabbit's luscious humanoid wife Jessica

"Oscars." You may have watched and marvelled on TV. These Euro-Oscars, launched to mark the climax of European Film and TV Year, are undoubtedly a Good Thing.

dialogue, it need not be and should not be thus. Collaborative funding need not result in common-denominator cross-breed. The best strategy if we are to re-energise European film financing, is a glorified "exchange system" whereby several nations co-fund a slate of films, but each of those films uncompromisingly carries a single country's identity.

British British. Great art is rooted in particularity even if it flowers into universality. The prize-winners in last week's Euro-night proved that Krzysztof Kieslowski's political horror story *A Short Film About Killing* could come from nowhere but Poland.

Nigel Andrews

LETTER FROM NEW YORK

Germanic myths and view of the zoo

In the final scene of the Metropolitan Opera's new production of Wagner's *Götterdämmerung*, the massive Gibichung hall collapses as the Rhine overflows and Valhalla burns in the sky.

For all the monumentality of the paintings, Kiefer's originality is more obvious in the compressed surfaces of his small watercolours, where colour itself enriches the subject beyond its usual pack to grey, brown palette (particularly one seascape suffused with glowing sunset and in the foreground, a sword like Siegmund's thrust into a stone cliff).

One of Anselm Kiefer's paintings, "March Heath" - a barren and scorched heath in Brandenburg trampled by the throes of war - became a contemporary visual symbol for one speaker in a two-day symposium on Landscape and Architecture in the Twentieth Century held recently at the Museum of Modern Art.

The brick Arsenal building on Fifth Avenue at 64th Street. The old zoo was in a deplorable state for humans and animals alike, and not even Humphry Repton could have done a better before and after picture than architect Kevin Roche.

underwater can be viewed through glass. The sea lions in a new glass-enclosed pool are still the centerpiece of the zoo outside the old gnarled crabapple trees were retained. But now in quadrants around this central area, garden designer Lynden Miller has worked her customary magic with plantings that never fail to attract by subtle combinations of texture and form.



Mr Frank Barlow, chief executive of The Financial Times, with film producer Mr David Puttnam, at the Barbican Centre in London, where he delivered the Financial Times Arts Lecture last Wednesday. Mr Puttnam warned of the dangers facing the arts from the concentration of media ownership into fewer and fewer hands and of the simplification of challenging issues into mindless entertainment.

London Mozart Players

QUEEN ELIZABETH HALL

The London Mozart Players conducted by Jane Glover contributed a delightful and unusual programme to the South Bank's Schoenberg Festival on Wednesday. Two of Schoenberg's late tonal works and one of his earlier were interleaved by two choral works by Brahms, of which *Nänie* (Op. 82) is seldom heard indeed.

manly sobriety and dark expressive bitterness was allowed to make its plea. His Suite for String Orchestra, completed in 1934, was a hopeful attempt at adding to the school orchestra repertory and, consisting as it does of five pseudo-baroque movements, reflects Schoenberg's experience the year before in blowing up a Handel *Concerto Grosso* for large modern orchestra. It is tonally centred (on G) and the individual movements (the profic final *Gigue* excepted) are marvelously refined variations, full of pitch yet light in tone and frequently witty. The deliciously syncopated, texturally coruscating *Menuet* even brought Schoenberg close at times to the world of Dag Wirén's *Serenade for Strings*

and Radio 2. Jane Glover's account of the work could not have been more neo-classically sparkling. The earlier Schoenberg tonal work was the "Song of the Wood Dove" from *Gurrelieder*, presented here in the composer's 1922 arrangement for 17 players, and fabulously well sung by the mezzo-soprano Elizabeth Laurence. She also distinguished herself greatly in Brahms's *Alto Rhapsody* (as did the men of the London Choral Society). Brahms's lament after Schiller, *Nänie*, for chorus and orchestra, was short, stately, solemn and sublime. The voices (trained by Ronald Corp) soared with passion yet retained fierce pungency. A welcome discovery.

Paul Driver

Advertisement for The Glenlivet 12 years old single malt whisky. It was the finest whisky in the Kingdom. So why did the King keep it under his hat? For many years, The Glenlivet single malt was George IV's favourite whisky. Unfortunately, it was being distilled illicitly in a remote highland valley. And had been since 1747. However, by 1824, an Act of Parliament helped make this whisky legitimate. Was it so that the Monarch could enjoy this rare and subtle spirit with a clear conscience? Whatever the reason, it meant that the crowning glory of single malts was freely available to lesser mortals - not unlike yourself.

Table titled 'GRANVILLE SPONSORED SECURITIES' with columns for High/Low, Company, Price, Change, Div Yield, and P/E. Includes companies like Anglo, BSB, and British Airways.

PRIVATE HEALTH CARE advertisement. Major issues facing the private health care sector in Britain will be discussed at this two-day conference and will include the importance of co-operation between the public and private sector, employee health care, new dimensions in health insurance and care of the elderly. Speakers include: David Mellor, MP, QC; Minister of State for Health; Robert Graham; BUPA; John Chawner; British Medical Association; Derry Andrews; Sun Alliance Health First; Dr Derek Taylor; Marks and Spencer; Mike Stockwell; Kodak; Peter Farmer; Arthur Young; Harriet Harman; Opposition Spokesperson on Health; Marvin Goldberg; AMI; David Willetts; Centre for Policy Studies; Peter Townsend; Bioplan Holdings; Paul Stacey; Nuffield Health Care; Prof Jan Bianpain; European Health Policy Forum; Joe McGraine; SI.

SALEROOM advertisement. Another Picasso record. There is nothing like a good provenance to draw out buyers and you can hardly have a better provenance for Cubist art than Douglas Cooper, the eccentric Australian millionaire whose fascination with Cubism began in the 1920s and stayed with him until his death in 1984. He was a friend of many of the great artists, buying works direct, and entertaining them in his castle in the south of France. Christie's on Wednesday night sold drawings and sculpture, prints and posters, from his collection for an amazing £3m, three times the estimate, with all the 127 lots selling. It was fitting that a relaxed 1914 Picasso watercolour still life, including a glass, playing cards and peaches, should make a record \$268,000, three times the estimate, to a private buyer. It was a record for any 20th century drawing and is a nice rider to the record price for any 20th century work of art, £20.9m, achieved for a Picasso oil at Christie's forty eight hours earlier. A Giacometti painted plaster portrait bust executed in 1954 and given to Cooper three years later, sold for \$960,000, while among the other records were the £143,000 for a Leger drawing, a study for the painting "Mare et Enfant," and £122,000 for a Picasso linocut, a 1922 lithograph from an edition of 50, "Buste de femme en chapeau." Sotheby's was also flushed with success yesterday when it sold contemporary art in London for a record \$6,885,400, with just 5 per cent unsold. With a major Klockner show at the Tate it was not surprising that he set a new auction record, \$262,000 paid for "A neat lawn," an acrylic of 1967 depicting a suburban house in Berkeley California. This was dwarfed by the \$396,000 paid by a French private buyer for "Le Tao," a 1956 abstract by the French artist Jean Atlan which had carried a top estimate of \$50,000. The same buyer paid \$231,000 for "Sumatra" also by Atlan, a relatively unknown artist who in the past year has attracted a keen coterie of admirers. A typical Lucio Fontana, with sibs in the grey canvas, doubled its estimate at \$396,000, while a wall mobile by Alexander Calder sold for \$264,000. Sotheby's secured another record in New York, for a Chinese painting, £253,519 for a mid 18th century hand scroll showing an emperor's tour by Xu Yang. Nearer home, a set of four A.A.Milne first editions made a record \$5,050, while a first edition of Lewis Carroll's "Alice's Adventures Underground" did well at \$5,280. Antony Thorncroft



صكنا من النحل

POLITICS TODAY

When young British soldiers are murdered in Ireland, Mrs Margaret Thatcher lets her heart...



Mrs Margaret Thatcher, left, and Mr Tom King, right

Diplomacy by megaphone

By Joe Rogaly

The Prime Minister has, however, made the worst of both worlds by going too far on security and not far enough on reform.

take account of the human rights of the victims and potential victims of terrorism.

Irish Agreement. This view is well-known in Westminster. It may one day prevent Sir Patrick from becoming Secretary of State for Northern Ireland.

Irish Agreement. This view is well-known in Westminster. It may one day prevent Sir Patrick from becoming Secretary of State for Northern Ireland.

silent was circumscribed by a provision that the choice to do so could be taken into account in assessing guilt.

It is not to say that the terrorists should be handled with kid gloves. Proper security measures are vital.

LOMBARD The truth about tax cuts

By Michael Prowse

THE FACT that the share of tax contributed by top earners rose during the 1980s despite substantial cuts in top rates gave British apply-side economists a huge psychological boost.

LETTERS

Nuclear alternative

From Mr R.F. Legge. Sir, Your leader (November 22) states the case for opposing the proposed nuclear surcharge on all electricity users.

The greener the better

From Mr Jon Parker. Sir, It is interesting that the UK Government now sees the water privatisation bill not only as an opportunity to increase economic efficiency, but also one where environmental quality can be improved.

UN conference aims to hit drug traffickers where it hurts

From Ms Margaret Anstee. Sir, Robert Graham's reports on "The Cocaine Business" on November 28 are timely, and his analyses very pertinent.

Vienna last year at the initiative of the Secretary-General and attended by cabinet ministers and other high-level representatives from 138 member states, marked a considerable breakthrough.



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# FINANCIAL TIMES

Friday December 2 1988

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## Team of technocrats for Mexican Cabinet

### Richard Johns examines a reassuring line-up of postgraduates from US institutions

THE Cabinet appointed by yesterday's newly inaugurated President Carlos Salinas de Gortari anticipates strict adherence to the policies of economic austerity pursued by the Mexican Government over the past year. His economic team of brilliant young technocrats should be seen as one well calculated to reassure local business, foreign investors and the international banking community that the new Government will continue the painful fight to control inflation and maintain the peso's parity against the dollar - whatever the political and social cost - as the fundamental prerequisite for renewed growth and hope for the future after six years of stagnation.



Cuba's President Fidel Castro (left) had a warm greeting for President Daniel Ortega of Nicaragua in Mexico City.

## Opposition walk out of Salinas inauguration

By Richard Johns in Mexico City

THE inauguration of Mr Carlos Salinas de Gortari as President of Mexico yesterday was marred by the unprecedented withdrawal of the entire parliamentary opposition in protest against electoral malpractices by the ruling Institutional Revolutionary Party.

Mr Salinas also referred to the "profound moral renovation" carried out by his predecessor Mr de la Madrid who had passed on the tricolour bands presidential.

economic solidarity pact introduced last December which has been successful in bringing down inflation from a rate of 159 per cent in 1987 to 47 per cent to the end of October.

Success in dealing with the mounting and daunting problems of Mexico City, where a fifth of the country's 50m population lives and where the vote in July went decisively against the PRI, could make him a contender for the presidency in 1994.

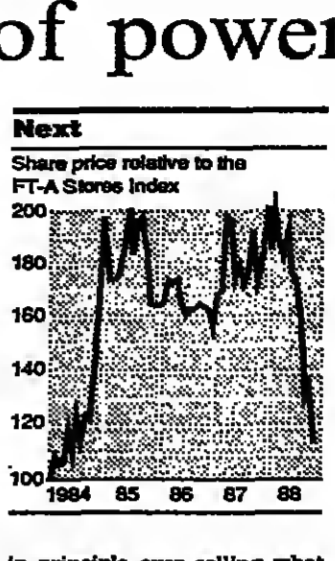
tipped for the Treasury among other positions, becomes Minister for External Affairs. He is believed to have pronounced pro-US sympathies.

Another surprise was the re-emergence of Mr Manuel Bartlett, his predecessor, as Minister of Education and one of the three frontrunners for the PRI's presidential ticket this year.

## THE TEN COLUMN

## The elusive price of power

The business of privatising utilities is not the walkover it once was. After having handed the monopoly profits of British Gas and British Telecom to the shareholder only to whisk them away later, the Government is doing its utmost to get electricity right first time.



soft drink bottling operations to PepsiCo says a lot more about its attitude towards enhancing shareholder value than it does about its intentions towards Cadbury Schweppes.

Meanwhile, the proposed structure for the industry may test the wits of sophisticated investors, and will utterly flummox Sid, whose support is essential. Profit forecasts will be all but impossible for the new constituent companies.

in principle over selling what are still some of the best food brands around. Even at the local UK level, it would be surprising if such as Allied Lyons were not interested in buying the old Huntley & Palmer biscuit business.

By the end of the decade, both Redland and Knauf will be doing their worst to make sure that more UK volume deserts their monopolist rival.

## Warburg drops S African gold stocks

By Kenneth Gooding, Mining Correspondent, in London

WARBURG Securities, one of London's major securities houses, yesterday gave up making a market in South African gold mining stocks.

mining shares for their yields or for historic reasons cannot face the bother of arguing about the issue with their trustees," said Mr Andrew Quinn, senior analyst and salesman with James Capel's mining team in London.

Warburg stressed that it remained heavily committed to the mining sector generally and would continue to provide research on South African gold stocks and continue to deal for clients.

Newcourt whose chief executive, Mr Michael Marika, said last night: "We have been making a market in South African stocks for 50 years and we don't intend to stop now.

## Benazir Bhutto named as Prime Minister

Continued from Page 1

ing an agreement with the Mohajir Qaumi Movement, a small regionally based party representing Indian immigrants which won 13 seats in the elections.

## RJR Nabisco

With the battle for RJR Nabisco over - barring a last minute hostile counterbid - KKR and its backers are faced with the rather unenvying question of what to do next.

## General Cinema

The sale of General Cinema's

## Perestroika at critical stage

Continued from Page 1

market principles - only the first was being tackled. "I think that the restructuring of the economy is now at a critical stage. It has run into obstacles which make it necessary to make corrections to the original plan and strategy. We must forego the view... that everything could be accomplished in a year. The only way we will achieve success is in years and decades," Prof. Abalakin said.

## Gorbachev wins on reforms

Continued from Page 1

lics, restricting the powers of the Congress, the Supreme Soviet itself, and providing more controls on the executive presidency.

He promised a far-reaching debate on the whole question of federal relations within the USSR, and a redefinition of union-republic ties, at a full Communist Party central committee plenum next year.

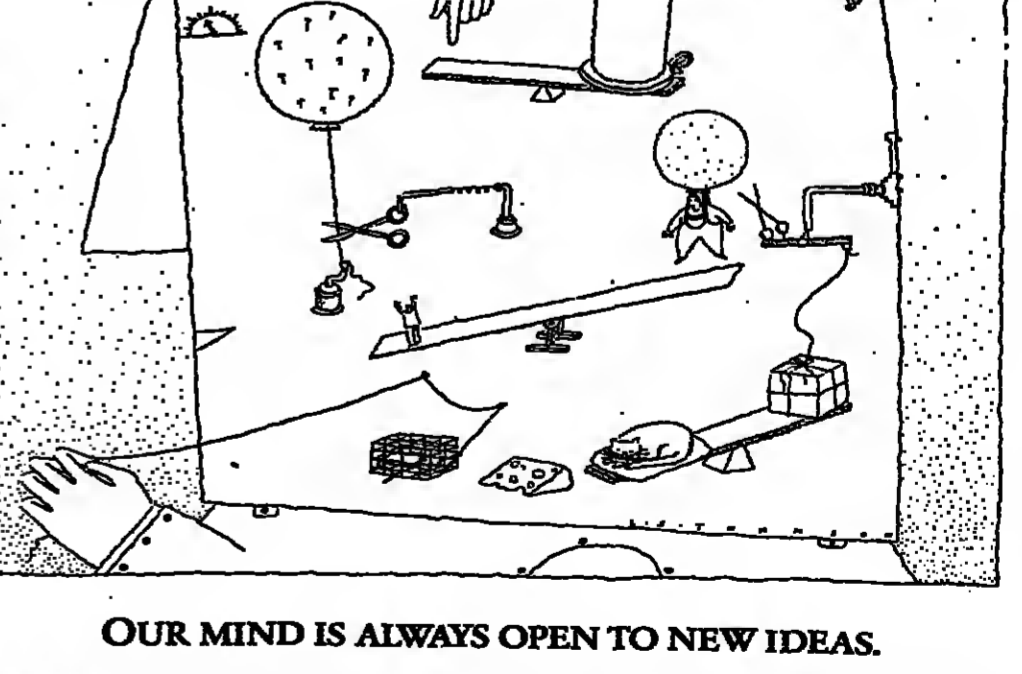
bers really understand the nature of the planned political reforms.

## UK steel sell-off attracts 400,000

Continued from Page 1

market. Yesterday 200,000 applications were received, doubling the previous total.

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We believe that to solve the most intricate and difficult financial problems you've got to have a generous dash of inventiveness, flair and flexibility. This is a quality our clients both at home and abroad clearly appreciate.

WORLD WEATHER table with columns for location, temperature, and weather conditions.

UK steel sell-off table with columns for company name, price, and other details.

APPLICATIONS FOR PRIVATISATIONS AND BIG PUBLIC OFFERS table with columns for company name, price, and other details.





INTERNATIONAL COMPANIES AND FINANCE

San Diego Gas accepts \$2.5bn merger proposal

By Anatole Kaletsky in New York
SAN DIEGO Gas & Electric has accepted a slightly improved merger offer, worth more than \$2.5bn, from SCEcorp, another southern California utility company. The combination would create the largest privately-owned utility business in the US, with \$17bn of assets, 4.7m customers and annual revenues of around \$5bn.

Canadian Imperial Bank shows sharp rise

By David Owen in Toronto
CANADIAN Imperial Bank of Commerce, the country's second largest chartered bank, yesterday reported substantially improved fourth-quarter earnings due partly to recoveries of loan loss provisions.

Baxter aims at overseas growth

Deborah Hargreaves on the leading US hospital supplier's plans

Baxter International, which has emerged from the last five turbulent years in the US health care industry as the country's major hospital supplier, has its eyes firmly set on overseas expansion. The group has grown from a revenue base of \$1.3bn just three years ago to a \$7bn operation following an aggressive expansion policy involving a merger with a company almost twice its size, American Hospital Supply.

Storehouse in French children's wear deal

By Maggie Urry

STOREHOUSE, the retail group headed by Sir Terence Conran, is buying Jacadi, a French designer and buyer of up-market childrenswear. Jacadi sells through a chain of 288 franchised shops, mostly in France, under the Espace Jacadi fascia.

Early advance at Litton

By Our Financial Staff

LITTON INDUSTRIES, the West Coast defence and electronics group, lifted net income in the first quarter. The results reflected improved profits at both its advanced electronics and its marine engineering and production divisions.

Holly weighs Tyson offer

By Our Financial Staff

HOLLY FARMS, the US poultry products group, is to consider within the next few days a new cash and stock merger proposal from Tyson Foods, its chief rival.

Générale unit shake-up

By Our Financial Staff

SOCIETE GENERALE de Belgique, Belgium's largest holding company, is restructuring its interests in international trading in an attempt to restore its Générale Trading subsidiary to profit in 1989.

INMARSAT INTERNATIONAL MARITIME SATELLITE ORGANIZATION (Lessee) Up to £206,000,000 Finance Lease and Letter of Credit Facility for Three Communications Satellites Lessor Manager Lombard North Central PLC provided by subsidiaries of Barclays Mercantile Business Finance Ltd Forward Trust Group Ltd Lloyds Leasing Ltd Lombard North Central PLC Lead Manager and Agent for Letter of Credit facility European Investment Bank Provided by European Investment Bank Kreditanstalt für Wiederaufbau Crédit National Istituto Mobiliare Italiano Société Nationale de Crédit à l'Industrie Hellenic Industrial Development Bank The undersigned acted as advisors to INMARSAT BABCOCK & BROWN

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FINANCIAL TIMES CONFERENCES WORLD TELECOMMUNICATIONS London 13 & 14 December, 1988 For further information, please return this advertisement, together with your business card, to: Financial Times Conference Organisation 126 Jermyn Street London SW1Y 4UJ Tel: 01-925 2323 Fax: 01-925 2125 Tlx: 27347 FTCONF G

INTERNATIONAL COMPANIES AND FINANCE

Power plant makers seek new partnerships

Nick Garnett looks at the pressures forcing an industry into widespread restructuring

**T**he pace of change sweeping through the world's power station equipment makers has begun to accelerate in what is turning out to be one of the most comprehensive restructurings ever undertaken by a single industry.

In the past month, Asea Brown Boveri, the Swedish-Swiss electrical engineering giant, has announced that it is taking majority control of the industrial assets of Franco Tosi, the Italian manufacturer of steam turbines and boilers.

These moves have been fuelled by a number of pressures. These include worldwide factory overcapacity of 70 per cent, weak power station demand in mature markets and the approach of what might be a more open European market after 1992. An extra fillip has been the likelihood of a general switch in mature markets towards smaller so-called combined cycle gas turbine-powered stations which could leave some of the traditional manufacturers out in the cold.



Percy Barnevik wants to partner the Japanese

At the same time, the formation of a joint venture in electronics and defence equipment between Siemens of West Germany and Britain's GEC has heightened speculation that this co-operation could eventually spill over into power engineering.

Ever since Asea and Brown Boveri merged their companies into Europe's biggest electrical engineering business last year, a rash of mergers and joint ventures has followed among equipment suppliers for big oil, coal-fired and nuclear stations.

A web of interlinking businesses is being formed in Europe with Siemens stretching out to US equipment makers; Japanese companies are likely to be sucked in soon. Those companies so far left out are desperately clawing to get partners.

Just about every major equipment maker, including Japan's Mitsubishi, General Electric of the US and GEC are seeking new partners and alliances. Others, such as Westinghouse in North America, ABB and Siemens have already started the process.

Outside Europe it has impinged its North American power businesses into two big joint ventures with Westinghouse. Mr Percy Barnevik, ABB's chief executive, says that in Asia the group wants partnerships with the Japanese, rather than a battle. ABB is in talks with Mitsubishi.

The rest of Europe is struggling to stay with the pace. Alsthom of France, which has a long-standing switchgear joint venture with Britain's GEC, recently purchased ACEC in Belgium but there has been no further sign of movement from Alsthom.

Instead, equipment companies have tended to be swallowed up by non-power businesses.

Babcock, a boiler maker (unconnected with Babcock of the US), was sold to electrical group FKI last year. FKI's attempts since then to sell the power equipment business part of Babcock to GEC and then to Westinghouse came to nothing. Five years ago, Hawker Siddeley, which makes power generation and distribution equipment, tried to absorb John Brown, the power station contractor and gas turbine maker. They could not agree terms and John Brown was absorbed by Trafalgar House, a diversified engineering, construction and leisure group.

ABB posts profits of \$358m

By William Dullforce in Geneva

ASEA BROWN BOVERI, the electrical engineering group, yesterday reported a pre-tax profit of \$358m for the first nine months of the year.

Consolidated sales amounted to \$12.15bn. After adjusting for acquisitions and disinvestments, this figure was 17 per cent higher than the combined sales in the first three quarters of 1987 of the Swedish and Swiss companies which merged last January.

No profit comparisons are made, as no consolidated figures are available for 1987. At the 1988 half-way stage ABB posted pre-tax earnings of \$299m on turnover of \$8.5bn. Previously the group said the effects of its massive restructuring would emerge in the 1989 profits.



Chambers & Fargus plc  
Seed Crushers and Edible Oil Refiners

At the eighty-fourth Annual General Meeting of the Company held in Hull on 29th November, 1988, the Report and Accounts for the year ended 2nd July, 1988 were approved. The salient figures were:-

	1988	1987
Turnover	£17,152,678	£16,507,763
Profit before tax	£766,976	£626,443
Profit after tax	£497,398	£395,326
Dividends	£144,428	£102,135
Earnings per 5p share	18.33p	10.78p
Dividend per 5p share	3.00p	2.75p

At the meeting, the Chairman made the following statement: "As you will have seen in the report and accounts 1988 was another good year and I am pleased to report that the unaudited results for the first quarter of the current year indicate that satisfactory progress continues to be made.

With regard to the future, the board has decided today to go ahead with the construction of a hydrogenation plant costing something over £1 million in order to be able to produce specially hardened oils required by the food industry. This plant is intended to increase the proportion of higher added value products rather than to add to the total output of the refinery. A supply agreement has been signed with Karlshagens AB who will take all their requirements for the sales of these products in the UK and Ireland from the new plant. This will represent a substantial proportion of the plant's capacity. The board believes that this project represents a logical step in the Company's progress towards moving into higher added value, higher margin products and is confident that the plant will prove to be a most useful addition to its edible oil refining business."

G.S. Kirkjian, OBE Chairman

the formation of a joint venture in electronics and defence equipment between Siemens of West Germany and Britain's GEC has heightened speculation that this co-operation could eventually spill over into power engineering.

Ever since Asea and Brown Boveri merged their companies into Europe's biggest electrical engineering business last year, a rash of mergers and joint ventures has followed among equipment suppliers for big oil, coal-fired and nuclear stations.

Discussions on a new deal with Babcock would take it right into the North American power plant market. Framatome, like ABB, is also in talks with Mitsubishi.

Siemens had discussions earlier this year with GE but these have produced nothing so far. Instead, GE is rumoured to be holding detailed talks with GEC on a set of wide-ranging agreements in power engineering. These two companies tend to compete in different geographic markets. A deal involving GEC, GE and Siemens cannot be ruled out.

If GEC signs up with a partner this would put some shape into the UK equipment supply industry where almost all attempts to rationalise in the past 10 years have foundered.

NEI has recently tried to strengthen its technology and product range and maintain its independence by signing deals with Mitsubishi, first to make some of the Japanese company's switchgear, then to market its gas turbines.

This strategy was thrown into confusion last month when Rolls-Royce secretly took a small stake in NEI. The two companies are now discussing what kind of collaboration or merger B-R has in mind. The jet engine maker needs to get into new business areas. Its gas turbines - for which it now has a technology and marketing deal with ABB - are used in non-base-load power generation.

The move to smaller stations in the US and Europe might be much slower than some observers think. However, as with the large power station equipment market, it will intensify the worldwide battle for sales of gas turbines - the prime movers in cogeneration - among the six or so main world suppliers, led by GE.

**Bank of Communications**  
(Taipei, Taiwan, Republic of China)

**U.S.\$40,000,000 Floating Rate Notes due 1993**  
(Redeemable at the Noteholders' option in 1990)

In accordance with the provisions of the above Notes, notice is hereby given that for the six months from 30 November 1988 to 31 May 1989, the Notes will carry an interest rate of 9% per annum.

The interest payable on each U.S.\$10,000 and U.S.\$250,000 Note on the relevant interest payment date, 31 May 1989, against Coupon No. 12 will be U.S.\$492.92 and U.S.\$12,322.92 respectively.

Agent Bank: **Lloyds Merchant Bank**

BHF-Bank confident of good full-year results

**BERLINER HANDELS- und Frankfurter Bank (BHF-Bank)** increased its partial operating profits by 3.2 per cent in the first 10 months of 1988 to DM128m. (\$73.7m) from DM124m in the period last year.

The bank said the development of business in recent months makes it "confident" of being able to achieve good results for the full year.

In 1987, BHF-Bank's partial operating profit, which is interest and commission income less operating expenses, dropped 19.4 per cent to DM221m.

Interest income in the latest 10-month period soared 18 per cent to DM270m from DM239m a year earlier. Commission income dipped 3.6 per cent to DM133m from DM138m. Income from trading operations was slightly higher than in the previous year, due mainly to rising profit from the trading of foreign exchange and shares.

Meanwhile, operating expenses rose 13.2 per cent in January-October to DM275m from DM243m in the year-earlier period.

Business volume rose 14 per cent to DM22.7bn at the end of October 1988 from DM19.9bn on December 31, 1987.

The bank said its overseas banking subsidiaries are expecting "satisfactory" results.

However, the bank's overseas investment banking units, including BHF-Securities (Asia), expect losses due to high start-up costs.

Is The Flight From The German Bond Market Over?

For years, massive foreign investment in the German bond market had a dampening effect on interest rates. But this year, things have changed. Foreign investment has fallen off dramatically, and German investors are investing heavily abroad. A recent weakening of the US dollar, however, could revive interest in DM bonds.

The figures speak for themselves: While the D-mark was flying high between 1985 and mid-1987, foreign individuals and institutions invested DM 125.7 billion in German bonds; purchases of German public bonds made up DM 100.7 billion, or four-fifths, of this amount. Total public borrowing during this period, i.e. DM 102 billion, was thus roughly equal to the net inflow of foreign capital. This helps to explain both the sharp drop in interest rates in 1986/87 to two cyclical lows and the subsequent period of low interest rates, which is probably not in jeopardy as long as there is no sizeable sell-off of DM bonds by foreign investors.

**Banks fill the breach**

Although foreigners have practically ceased buying German bonds since last summer and even turned net sellers to the tune of DM 3.3 billion between July 1987 and August 1988, this did not have a negative effect on German interest rates, as personal savers and, above all, the banks, which the Bundesbank had provided with ample liquidity, filled the breach. Net purchases of German bonds by non-banks came to DM 14.1 billion during this period, while banks raised their bond holdings by DM 46.1 billion.

The banks' dominant role as buyers of domestic fixed-interest issues tends to obscure a shift that is even more remarkable. Although the banks have been massive buyers of DM bonds for more than a year, their total fixed-interest investment does not match that of non-banks, who - while buying more domestic bonds - have found foreign securities much more enticing.

**A Dramatic Shift**  
Net purchases of securities (in DM billion)

Year	German investments abroad	Foreign investments in German bonds
1982	11.0	125.7
1983	5.7	121.0
1984	15.7	104.9
1985	27.5	102.0
1986	16.3	102.0
1987	24.8	102.0
1988	38.6	102.0

While foreign investors reduced their DM portfolios, German investors increased net purchases of foreign currency bonds and foreign DM bonds.

In contrast to increased buying of foreign bonds by German investors, net foreign investment in DM bonds has been shrinking dramatically in the past twelve months or so. After an increase of DM 35.2 billion in the first half of 1987, the increase in the second half of the year was down to 0.2 billion. In the first eight months of the current year, sales of DM bonds by foreigners exceeded purchases by DM 3.3 billion - a trend prevailing until the D-mark's latest rebound. It remains to be seen whether this marks the beginning of a turnaround and thus a renaissance of DM bonds.

**Much slower rise**

For several months, there has been an increase in the supply of investable funds, which allows the market to cope with the double-barrelled problem of capital outflows and foreigners' wait-and-see attitude.

Still, there is no immediate risk of a rise in interest rates. This all the less since the German market has recently benefited from two events: the decline in U.S. bond yields (the yield on 30-year government bonds has dropped below 9 per cent) and the weakening of the dollar. As a result, the yield on German 10-year bank bonds approached 6 1/2 per cent, a level close to this year's low (6.3 per cent) which even optimists regard as the lowest possible limit.

Volmac launches fund

**VOLMAC**, the rapidly growing Dutch software house, has launched a venture capital fund with the aim of creating a global network of computer software companies.

The new fund, named World Software Group, plans to acquire strategic stakes in software companies around the world as its parent company has already done.

More than Fl 600m of the fund has already been invested through Volmac Software. Stakes have been acquired in Cap Gemini of France, Senza Group of France and the UK, and Worldwide Computer Services and Computer Task Group of the US.

**Continental Airlines, Inc.**  
**US\$38,500,000**  
Floating Rate Notes due 1996

Notice is hereby given that the rate of interest on the above Notes for the period 2nd December, 1988 to 1st March, 1989 has been fixed at 11.025% per annum, payable 2nd March, 1989.

The amount payable against Coupon No. 10 will be \$27.66 per \$1,000 Note.

**J. Henry Schroder Wagg & Co. Limited**  
Reference Agent

**International Bank for Reconstruction and Development**  
**U.S. \$250,000,000**  
U.S. Dollar Floating Rate Notes due February 1994

For the interest period 30th November, 1988 to 28th February, 1989 the Notes will carry an interest rate of 8.48% per annum with a coupon amount of U.S. \$212.00 per U.S. \$10,000 Note, payable on 28th February, 1989.

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December 1988

INTERNATIONAL COMPANIES AND FINANCE

CSR sheds its unloved reputation

Chris Sherwell on growth by one of Australia's biggest companies

MR IAN BURGESS can scarcely conceal his pleased amazement at the good fortune which has embraced CSR...



It has spent the same amount on investments at home and abroad, mostly in building materials...

Earlier this month, Mr Burgess announced record after-tax profits of A\$147m for the half-year to September...

On the purchases side major developments have come in the US, Europe and Australia...

The CSR-Redland link is also being recreated in mirror-image form in Australia, where a joint brick and tile venture has just been established...

Telecom issue price is HK\$4.55

By John Elliott in Hong Kong

THE long-awaited HK\$4bn (US\$512.8m) international placement and offer for sale of 877.5m shares by Hong Kong Telecommunications was formally unveiled yesterday...

Brierley's IEL wins control of Woolworths

By Our Financial Staff

INDUSTRIAL EQUITY (IEL), Sir Ron Brierley's Sydney-based company, has gained control of Woolworths, the Australian retailer for which it launched a takeover bid 10 days ago...

Nomura Securities tops profits league in Japan

By Stefan Wagstyl in Tokyo

NOMURA Securities, the world's biggest securities company, this year reported the highest interim pre-tax profits of any Japanese company...

Hitachi net earnings up

By Our Financial Staff

HITACHI, the Japanese consumer electronics group, yesterday reported worldwide net profits up 62 per cent to Y84.9bn (\$699m) in the six months to September...

Kidder, Peabody U.S. Dollar High Yield Fund N.V.

Shares of Common Stock of \$1.00 each

Table with 3 columns: Authorized, Number of Shares of Common Stock, Issued and Fully Paid.

Kidder, Peabody U.S. Dollar High Yield Fund N.V. (the "Fund") is an investment company whose primary investment objective is to achieve a high level of current income through investment in a diversified portfolio consisting primarily of U.S. dollar-denominated, high yield, fixed income securities...

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Korea Exchange Bank £100,000,000 Floating Rate Notes due 1994 Sterling Denominated Notes

U.S. Dollars Denominated Notes

U.S. Dollars Denominated Notes

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Central International Limited U.S. \$150,000,000 Floating Rate Notes due 2006

Central International Limited U.S. \$150,000,000 Floating Rate Notes due 2006

Central International Limited U.S. \$150,000,000 Floating Rate Notes due 2006

INTERNATIONAL CAPITAL MARKETS

Securities watchdog investigates futures

By Chris Sherwell in Sydney. THE NATIONAL Companies and Securities Commission, Australia's securities market watchdog, has added an investigation into trading on the Sydney Futures Exchange to its growing list of inquiries into controversial local business dealings.

The commission said yesterday the exchange and it had already conducted some investigations into the settlement of the September 10-year bond futures contract, and that it would now be conducting a private hearing.

The move, a customary practice to establish whether an offence has occurred and if so seek redress, coincides with other investigations into the affairs of Ariadne, the former vehicle of New Zealand's entrepreneur, Mr Bruce Judge, and the failed Perth merchant bank, Rothwells.

The commission has also said recently it was investigating several allegations of insider trading, including one involving a prominent Australian company. Regarding its hearing concerning the futures exchange, the commission said it would review certain aspects of trading in the futures and bond market around the date of settlement of the September 10-year contract.

Mr Henry Bosch, the commission's head, said the domestic and international reputation of the futures market could be "undermined unless a thorough investigation is undertaken by the commission."

For its part, the exchange was reluctant to impart additional information because of the sensitivity of the matter. One official played down its significance, calling it an "information-gathering exercise," which was not a legal proceeding.

Retail accounts dominate latest Eurobond issues

By Norma Cohen. EUROBONDS for retail accounts dominated the new issues calendar, with deals emerging in Antipodean currencies and Ecu, clearly aimed at the proverbial Belgian dentist.

But dealers noted somewhat cynically that while pockets of genuine retail demand do exist at this time of year, the Eurobond market's League Table day of reckoning is fast approaching, possibly prompting firms to bring issues to market in hopes of bolstering their standings.

By the latest recent calculations, there is only about \$3m in new issue volume between the sixth and 12th place firms, making the race to year-end very tight.

To be fair, all the deals brought yesterday appeared reasonably priced and in sectors for which retail buyers exist. But dealers expect to see an increasing number of "targeted" issues for small pockets of investors between now and year-end.

The largest deal of the day was a five-year Ecu100m for Eurofilms, the European rolling stock corporation. The issue, lead managed by CSFB,

carries a coupon of 7% per cent and is priced at 101 1/2 for an effective yield of about 7.718 per cent. The securities closed just at the fees at less 1% per cent.

INTERNATIONAL BONDS

Adding to the glut in the Ecu sector was an Ecu50m three-year deal for Credit Local de France, the fundraising agency for local authorities. The issue, fungible with a previous Ecu150m deal, carries a coupon of 7% per cent and is priced at 101, yielding about 7.70 per cent - nearly 30 basis points more than that of the existing issue.

The Ecu sector is already carrying more paper than investors can absorb, but the new deals are probably prompted by the ample swap opportunities into floating-rate funds. Dealers estimated that

Eurofilms may have swapped into funds at up to 40 basis points under London interbank offered rates. The Australian dollar sector saw yet another deal, this one a A\$75m two-year deal for Toronto Dominion Bank's Cayman Island branch, lead managed by Salomon Brothers. It carries a coupon of 14% per cent and is priced at 101.70 per cent to yield 65 basis points over Australian government bonds.

Also, Credit Lyonnais Australia tapped the New Zealand dollar market, issuing via Hambros Bank a NZ\$50m three-year bond. The issue carries a coupon of 14% per cent and is priced at 101%. While the New Zealand currency has not seen the rapid appreciation in recent weeks that has boosted its Australian counterpart, the country's declining budget deficit and inflation rate make its bonds attractive.

Among other sectors of the primary market, a new L100bn issue emerged for Olivetti International. The four-year deal, lead managed by Credito Italiano, carries a coupon of 11% per cent and is priced at 101%.

Table with columns: NEW INTERNATIONAL BOND ISSUES, Amount m, Coupon %, Price, Maturity, Fees, Book runner. Rows include US DOLLARS, AUSTRALIAN DOLLARS, NEW ZEALAND DOLLARS, D-MARKS, SWISS FRANCS, ECUs, LIRE, etc.

FT INTERNATIONAL BOND SERVICE

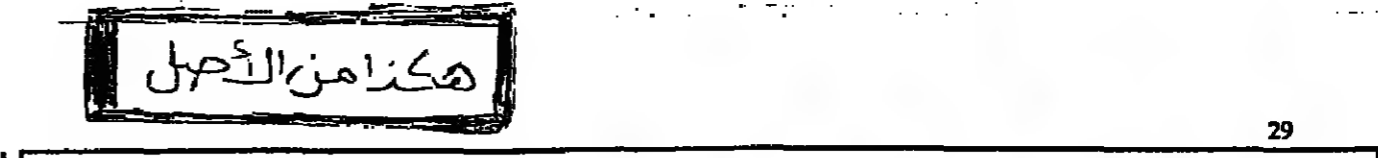
Table with columns: US DOLLAR STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, etc. Lists various bond issues with their respective yields and prices.

DEUTSCHE BANK STRAIGHTS

Table listing Deutsche Bank straight bonds with columns for Issue, Bid, Offer, Day, Week, Yield.

SWISS FRANCS STRAIGHTS

Table listing Swiss Franc straight bonds with columns for Issue, Bid, Offer, Day, Week, Yield.



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Table titled 'THE YEAR IN BRIEF' showing 1988 vs 1987 data for Turnover, Profit before tax, Attributable profit, Fully diluted earnings per share, Dividends per share, Dividend cover.

Copies of the Annual Report for the period ended 1st October 1988 will be mailed to shareholders shortly and will be available from CP McPhee, Secretary, Dept. P.R.A., Tate & Lyle PLC, Sugar Quay, Lower Thames Street, London EC3R 6DQ.

This advertisement has been approved for the purposes of section 87 of the Financial Services Act 1986 by Touche Ross & Co. who are authorized by the Institute of Chartered Accountants in England and Wales. It must be stressed that the value of investments can fall as well as rise and that the past is not necessarily a guide to the future.

Merloni Elettrodomestici

Viale Aristide Merloni 45 60044 Fabriano (Italy)

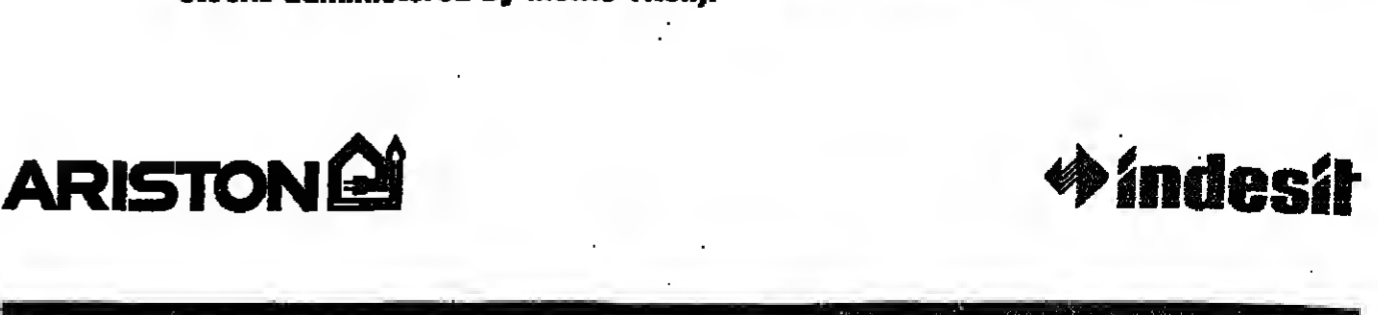
NOTICE TO THE BOND-HOLDERS OF MERLONI ELETTRODOMESTICI BONDS 7% 1987/1991 CONVERTIBLE INTO PREFERRED SHARES

We hereby inform the holders of Merloni Elettrodomestici bonds 7% 1987/1991 that, according to Article No 5 of the loan regulations, the conversion of bonds into unconvertible Merloni Elettrodomestici preferred shares will take place from December 1st to December 31st 1988, at the rate of one share of Lire 1,000 nominal value for every convertible bond of Lire 1,500 nominal value.

The preferred shares resulting from the conversion will bear interest from January 1st 1989, whereas the converted bonds will cease to bear interest from December 31st 1988.

Bond certificates presented for conversion must bear coupon No 3 and the following coupons; the amount of the coupons that should be missing have to be paid by the bond-holder.

Application for conversion may be presented to either: - the company's head office at Fabriano (Italy) - Viale Aristide Merloni 45, att. "Cassa Sociale" or; - to the following Banks: Banca Commerciale Italiana - Banca Nazionale del Lavoro - Banca Nazionale dell'Agricoltura - Banca Popolare di Ancona - Banco di Napoli - Banco di Roma - Banco di Sicilia - Cassa di Risparmio di Fabriano e Cupramontana - Credito Italiano - Istituto Bancario San Paolo di Torino - Monte dei Paschi di Siena - Monte Titoli S.p.A. (for the stocks administered by Monte Titoli).



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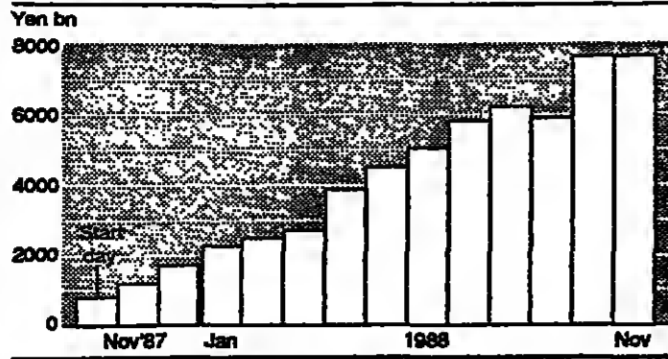
INTERNATIONAL CAPITAL MARKETS

Japanese CP poised for takeoff

Stefan Wagstyl looks at the market's growth, boosted by zaitech

Japan's fast-growing commercial paper market, which plays a key part in zaitech - Japanese-style corporate financial investment - is to get a boost from the authorities.

Outstanding amounts of Japanese CP



relatively safe investments in the money markets. Companies exploited their high creditworthiness to raise funds cheaply in one market and re-invest them in another where yields were higher.

The safety first policy was reinforced by the plunge in equities last October. This set the scene for the CP market, launched in the doom-laden atmosphere of November.

Companies jumped at the chance to make risk-free returns of nearly 0.5 per cent. They were able to issue paper at 4.0-5.0 per cent and put the money on deposit at 4.4 per cent.

of commercial funding, reducing the zaitech element to perhaps 50 per cent. The use of CP could also spread for another reason. In order to meet new international standards for capital adequacy, banks have to raise the proportion of capital to total assets.

The secondary market in CP has already developed, although it is small in relation to the total amount of paper outstanding. About Y2,000bn of the total of just under Y8bn is estimated to have changed hands at least once since it was issued.

However, the secondary market could get a big boost when the Bank of Japan starts operating in the market as it is promised to buy and sell by the central bank might easily encourage holders to trade more often.

What happens, competition between underwriters is likely to remain tough. It is the first time that Japanese banks and securities companies have been permitted to compete with each other head-on in a domestic market.

Mr Ochi says that zaitech would continue to play an important part in the market as long as there is a margin between interest rates in the CP market and on bank deposits.

Rival French futures in fresh battle

By George Graham in Paris

FRANCE'S rival futures markets, already at loggerheads with their competing stock index futures, have engaged in a new battle over a contract based on five-year Treasury bills.

The older established Matif market, which operates on an open outcry system in the stock exchange building in Paris, immediately followed suit with proposals for a similar BTAN contract.

When the Matif and OMF were seeking official sanction for their stock index futures contracts, the Government let both go ahead and allowed the market to decide the winner.

For the BTAN future, however, Paris bankers believe only one contract can be allowed to go ahead. The cash market in BTANs, with FF255bn (\$43.3bn) in issue and daily volume of around FF8bn, is substantial.

French bond issues rise above borrowing target

By George Graham in Paris, Katherine Campbell and Norma Cohen in London and Roderick Oram in New York

THE FRENCH Treasury yesterday served FF5.3bn of government bonds at its regular monthly auction, with rates remaining stable.

The auction takes total bond issues for this year to FF116.2bn, above the total state borrowing target of FF108bn to FF110bn. The FF5.3bn served was at the top end of the bracket of FF7bn to FF8bn announced for the auction, with an additional FF3.8bn served in non-competitive bids from primary dealers and central banks.

Interest focused mainly on the OAT 8.7 per cent 1995, with FF3.5bn served in the auction. Another FF2.2bn was taken up in non-competitive bids at the weighted average yield of 8.55 per cent, just 1 basis point higher than at the last auction of this bond two months ago.

GOVERNMENT BONDS

but ran out of steam by the afternoon. Government bonds, or Bunds, ended up to 15 basis points higher thanks to support from the futures market in London, but the medium-term notes or Bundesobligationen, closed about unchanged.

The Treasury also sold FF2.5bn of the OAT 8.5 per cent 2012 at an average yield of 9.15 per cent, and FF2.5bn of the floating rate TRB 1988, at a margin of 8 basis points above the average yield of the weekly Treasury bill auction, with a further FF5.3bn in non-competitive bids.

JAPANESE government bonds rallied in Tokyo yesterday, with yields on the No 105 benchmark bond closing roughly 5 basis points up, yielding 4.51 per cent.

WALL STREET bond markets drifted unchanged

investors and traders waited for this morning's release of US employment data for November.

Prices were unmoved by publication yesterday of the latest index of leading economic indicators, which showed a 0.1 per cent rise in October from a month earlier, in line with forecasts.

The market took no comfort from the downward revision of September's figure to a 0.3 per cent fall from 0.1 per cent, indicating a slight slowdown in US economic activity. The figures are too uncertain, however, to give any firm trend.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, FRANCE BTAN, CANADA, NETHERLANDS, AUSTRALIA.

BIS says bank financing likely to remain strong

By Stephen Fidler, Euromarkets Correspondent

BUOYANCY in international securities markets and a slowdown in new bank lending probably do not imply a resumption in the trend towards disintermediation - the marked shift from bank to securities financing evident internationally in the years to 1987, according to the Bank for International Settlements.

international banking and financial market developments, published today.

Bank loans remain the most obvious substitute for floating-rate notes, a sector which has never fully recovered from the market disruption at the end of 1986.

to play an increasingly complex role.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market indices like British Funds, International, Financial and Properties, etc.

LONDON RECENT ISSUES

Table listing recent issues in equities, including company names, amounts, and dates.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for name, amount, date, and price.

RIGHTS OFFERS

Table listing rights offers for various companies.

TRADITIONAL OPTIONS

Table listing traditional options with columns for name, date, and price.

AVERAGE GROSS REDEMPTION YIELDS

Table showing average gross redemption yields for various instruments like British Government, US Government, etc.

FT-SE 100 SHARE INDEX

Table showing FT-SE 100 share index performance over time.

LONDON TRADED OPTIONS

Large table listing various traded options including calls and puts for different companies and instruments.

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**INT BONDS**

Yield	Week ago	12 mo ago
11.36	12.4	10.2
10.21	9.20	8.8
9.25	9.11	8.8
9.24	9.11	8.8
9.20	9.14	8.8
4.51	4.82	4.2
4.70	4.82	4.2
9.44	6.40	6.2
9.52	8.56	8.2
8.71	8.77	8.8
96.05	10.29	11.2
8.52	6.48	6.2
12.52	12.27	11.2

Yield	Week ago	12 mo ago
11.36	12.4	10.2
10.21	9.20	8.8
9.25	9.11	8.8
9.24	9.11	8.8
9.20	9.14	8.8
4.51	4.82	4.2
4.70	4.82	4.2
9.44	6.40	6.2
9.52	8.56	8.2
8.71	8.77	8.8
96.05	10.29	11.2
8.52	6.48	6.2
12.52	12.27	11.2

# The longest day.



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UK COMPANY NEWS

MEPC assets show 36% growth

By William Cochrane

MEPC, Britain's second biggest property company, produced results in line with most analysts' expectations yesterday. It said that prospects were good, emphasising the scale of its development programme and calmed any worries that shareholders might have about the climb in floating interest rates.

Most brokers' analysts were pitching their forecasts below this figure a month ago, before the Rodanco bid for Hamner raised the temperature in the stock market. An annual revaluation of investment properties, at £2.76bn, showed a surplus of £666m last year, with a powerhouse performance from the UK, which lifted its share by 33 per cent and now accounts for some 80 per cent of the total.

He added that the group was in control of its funding. "In the current climate, where government economic policy to control inflation has resulted in a period of high interest rates, the group is well placed for the future with 88 per cent of its debt at fixed rates of interest, at an average cost of 10 1/2 per cent."

One of the poorer areas in the MEPC valuation is the City of London, and even that has managed an 18 per cent increase. The City's rental performance was clearly stronger than that, for valuation yields have increased by a quarter to a half of a percentage point.

Sidlaw profits double to £5.6m

Sidlaw Group, textiles and oil-services concern, continued its recovery with pre-tax profits doubling from £2.8m to £5.6m in the year to the end of September 1988. Turnover was 14 per cent higher at £64m. Earnings per share came out at 17.3p (9.2p) and the directors are proposing a final dividend of 4.25p (3.5p) for a total payment for the year of 7p (5.5p).

Reorganisation benefits show at Monks & Crane

MONKS & Crane, the USM-quoted supplier of industrial tools and fittings, began showing the fruits of last year's expansion and reorganisation in the six months to end-September. Pre-tax profits rose from £1.01m to £1.22m on turnover up from £17.19m to £23.18m.

United Inds up 54% to £1.26m

United Industries, West Midlands-based spring manufacturer, steel stockholder and processor, yesterday announced pre-tax profits of £1.26m for the six months to October 1. The outcome, a rise of 54 per cent on the £813,000 achieved in the half year to end-September 1987, came on turnover of £19.52m (£20.48m).

Evode sells parts arm to Evans Halshaw

By Richard Tomkins, Midlands Correspondent

EVANS HALSHAW, Birmingham-based motor dealer, has agreed to buy Supra Group, a car parts company, from Evode, adhesives and speciality chemicals group, for £8.5m.

Further acquisitions soon as Erskine House rises to £4.8m

By Andrew Hill

ERSKINE HOUSE Group, the profits of which rose from £1.35m to £1.59m. He said US profits would have been about £200,000 higher but for the effect of translation from US dollars to sterling, and he added that between £150,000 and £200,000 had gone in additional group management charges in the US.

performance of the US subsidiary, the profits of which rose from £1.35m to £1.59m. He said US profits would have been about £200,000 higher but for the effect of translation from US dollars to sterling, and he added that between £150,000 and £200,000 had gone in additional group management charges in the US.

Erskine's rapid expansion looks like slowing in 1989, although there are still a handful of acquisitions to come before the New Year, including the long-awaited move into West Germany. These results were slightly below expectations as a result of one-off management charges in the US and investment in a quality training programme in the UK, but the traditionally stronger second half promises to show the benefits of recent expansion.

ISSUE NEWS

Europa Minerals for market

By Philip Coggan

EUROPA MINERALS, a mining finance company, is set to join the main market today in a placing which will value the group at around £15m. At present, the group's main business is private coal mining in the UK through the operation of three drift mines at Draycott Cross, Acres Moak and north.

A significant proportion of the coal mined at the pits is in the form of lump coal which sells at around double the price of fine coal. Mr David Hood, the executive chairman, does not believe that, following the privatisation of electricity, the CEEB will import significant quantities of foreign coal. In dollar terms, foreign coal is not significantly cheaper, especially when account is taken of transport costs.

The current exploration activities are centered almost entirely in Western Europe and the US. Europa's interests include a joint venture with Hecla Mining, exploring for gold in Montana; a platinum prospect in Bavaria; a joint venture exploration for gold in Alhaurquerque, Spain; and a gold concession at the mouth of the Pra river in Ghana. Europa also has a 22.7 per cent stake in Dana Exploration, an Irish exploration group, which has interests in Ireland, Ghana and Botswana.

USM quote for Metro Radio

By Fiona Thompson

METRO RADIO Group, the operator of the only two independent local radio franchises in the north-east of England, is joining the USM via a placing which values the company at £10.4m. County NatWest Wood Mackenzie is placing 1.82m shares, representing 19.2 per cent of the enlarged share capital, at 110p. All the shares being placed are new, and as such will raise £1.75m for the company.

then losing-making The Radio in 1986. The combined transmission areas of the two stations have a population of 2.18m adults. Metro Radio's regular weekly audience of 687,000 represents 48 per cent of the potential listeners. They tune in for an average 13.6 hours a week. The station is particularly popular with the 15-to-34 age group. Tim's weekly audience is 300,000, representing 32 per cent, and the average listening time is 13.5 hours.

The group derives more than 85 per cent of its revenue from advertising. The balance is from the creation and production of commercials and from sales promotion. In the four years from 1985 to 1988, pre-tax profits have grown from £121,000 to £1m on sales up from £2.23m to £5.38m. At the placing price the shares are on an historic p/e of 12.5. According to Mr Neil Robinson, managing director, the new money raised will be used "to put ourselves in the best possible position" to take advantage of the changes proposed in the White Paper on broadcasting. The Government's proposals include the setting up of three national commercial radio stations, and contractors will be allowed to control up to six local and one national station.

Apollo to join USM valued at £7.63m

By Fiona Thompson

APOLLO METALS, Birmingham-based processor and distributor of aluminium plate and bar, is coming to the Unlisted Securities Market. Griffiths and Lamb, Birmingham stockbroker, is placing 4.31m ordinary shares, representing 37.7 per cent of the enlarged ordinary share capital, at 69p each, and in convertible preference shares at 100p each. The placing values the company at £7.63m.

to reduce other borrowings by approximately £401,500. Apollo was founded in 1971 and was the subject of a buy-out in 1985 promoted by the company's present full-time executive directors. Apollo supplies processed aluminium plate and bar to high-technology engineering companies, operating particularly in the defence and aerospace industries. The group, employing 100 people, operates from sites in Birmingham, London and Manchester. It is an approved supplier to British Aerospace, Ferranti, Marconi, Lucas

Aerospace, Royal Ordnance, and Westland Helicopters. Following the major fall in aluminium sheet prices in 1985, the directors sought to minimise the effects by concentrating increasingly on its high specification products, which are less susceptible to the price fluctuations suffered by commercial aluminium sheet. For the year to September 30 1988, Apollo reported pre-tax profits of £388,000 on sales of £14.35m, up from profits of £317,000 on turnover of £10.41m in 1986. On a pro-forma basis, the shares, at the placing price, are on a p/e of 9.96.

Anglesey Mining begins second phase planning

By Kenneth Gooding, Mining Correspondent

Anglesey Mining, which raised £5.6m with a share placing and offer for sale six months ago, said yesterday that its base metals project at Parys Mountain, Anglesey was "on budget and ahead of schedule." Mr Hugh Morris, chairman and chief executive, was confident that the current momentum would be maintained. The project's first phase should be completed on time in 1991. Planning had begun for the second phase, which would feature the construction of a surface ore concentrator and related facilities, further mine development and the beginning of commercial production.

tain are estimated to be 4.8m tons containing 1.5 per cent copper, 3 per cent lead, 6 per cent zinc plus 57 grams per ton of silver and 0.4 grams per ton of gold. This would support a minimum mine life of 14 years if 350,000 tons of ore a year was processed. In his first interim statement, Mr Morris pointed out that all development costs of the project were being capitalised. Present income from term deposits was the only current source of income so no profit and loss account had been prepared. During the six months to September 30 the company's working capital increased to £4.77m and it was benefiting from present high UK interest rates.

Strong demand helps Ritz rise to £650,000

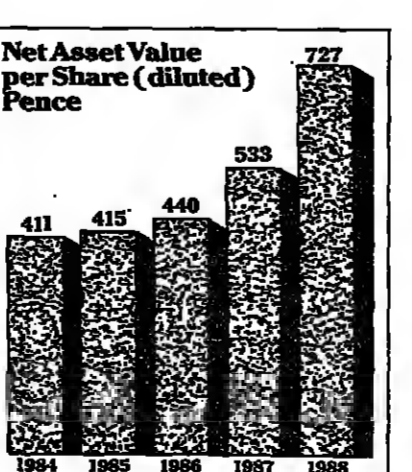
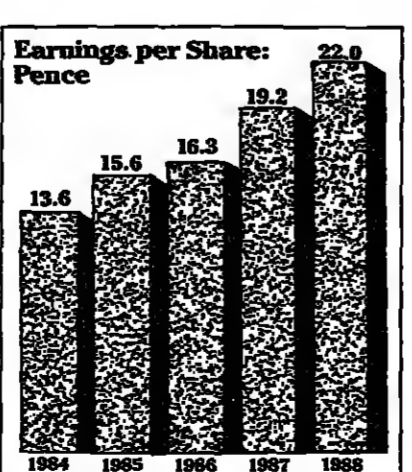
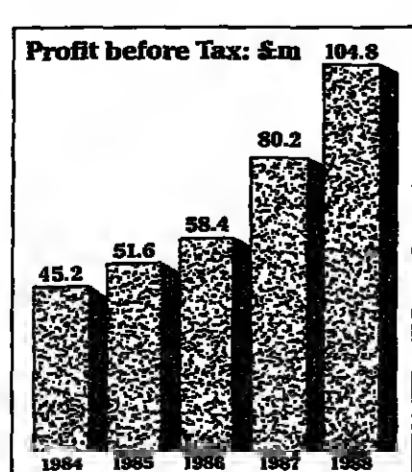
Buoyant demand throughout its product range enabled Ritz Design Group to unveil a 40 per cent expansion to £650,000 in pre-tax profits for the six months to September 30. Turnover rose 25 per cent to £10.94m. Ritz, which came to the main market in September, manufactures lingerie, blouses and nightwear with Marks and Spencer accounting for some 70 per cent of sales. Mr Richard Clemons, chairman, said the underwear division performed particularly well with sales 40 per cent higher. Demand for nightwear was increasing rapidly, but margins at the house division had come under pressure. Earnings per share were 5p. A dividend of 2p is forecast for the full year.



Developing and managing property internationally is no gimmick

It produces results

SUMMARY OF GROUP RESULTS table with columns for 1988, 1987, % Increase and rows for Gross rents and other income, Profit before taxation, Taxation, Profit attributable to ordinary shareholders, Earnings per share, Net dividends per share, Net asset value per share.



MEPC plc, Brook House, 113 Park Lane, London W1Y 4AY





# FINANCIAL TIMES SURVEY



Having suffered less than most counties in the recession, thanks in particular to the attractions of Milton Keynes, Buckinghamshire is now riding an economic boom and avoiding some of the development pressures affecting its South-East neighbours. Richard Donkin reports

## Triumph in Metro-land

**BUCKINGHAMSHIRE** Man, if such a creature exists, is faced with an identity problem in this diverse county which boasts the fastest growing population in Britain. Is he the young affluent New Town pioneer of Milton Keynes? Is he the older affluent county stalwart in the rural area of Aylesbury Vale? Or is he part of the established affluence in the southern commuterland around Amersham, Chesham and Beaconsfield?

If Buckinghamshire Man is difficult to identify it is perhaps because, like the ducks in Aylesbury, he maintains a low profile lest too many people discover the lifestyle he enjoys. He does not generally lack prosperity, or the means to success within a county which suffered less than most in the recession and is riding an economic boom with fewer of the grinding pressures on planning and development affecting its neighbours in the South-East.

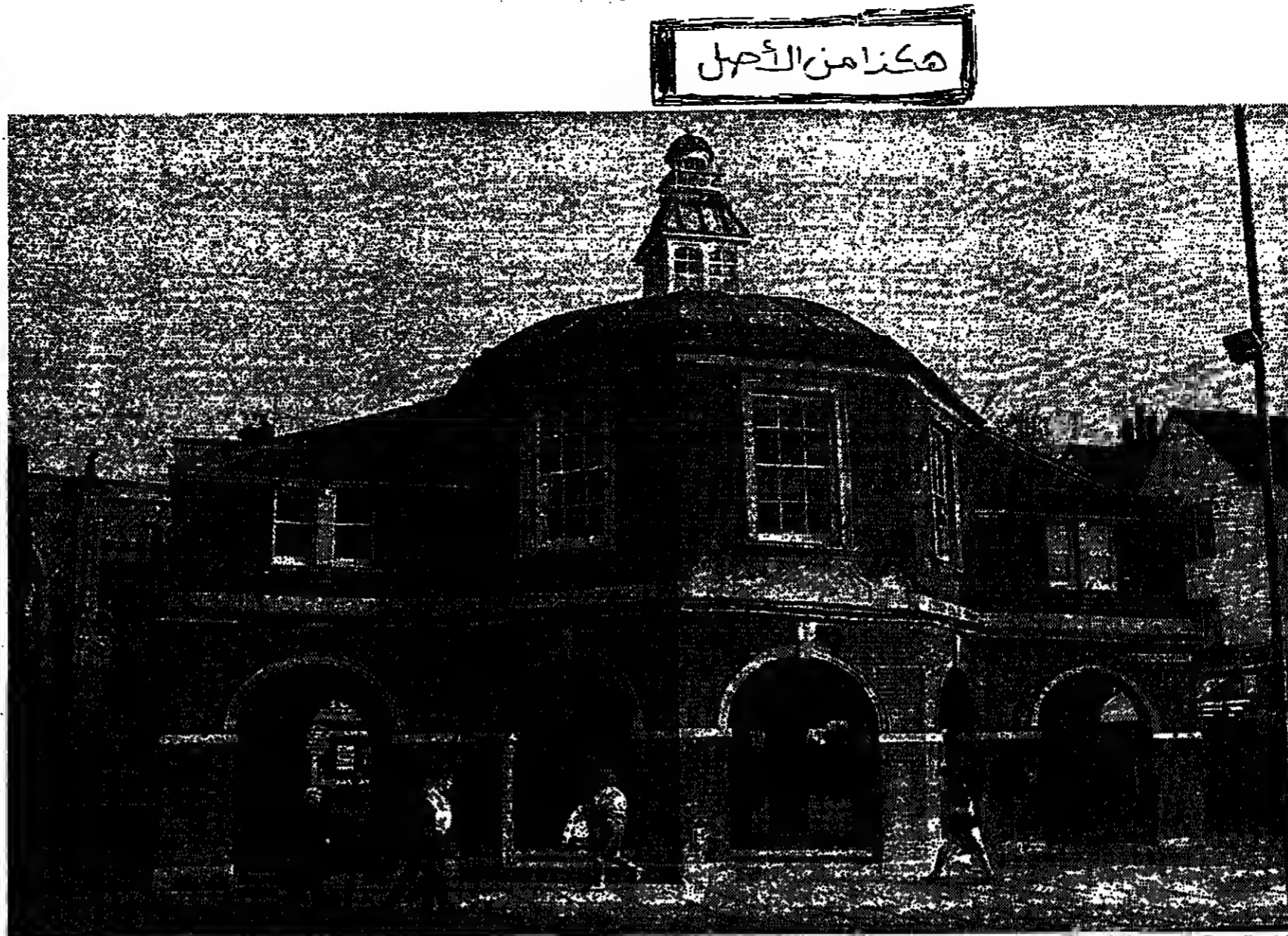
The only cloud on the horizon - that of skill shortages - though becoming a reality, particularly in the south of the county, has been with Buckinghamshire before, and few of its businesses are so labour intensive that the difficulty of attracting employees becomes an overriding economic actor

though it must be addressed. The county is one of the fastest growing counties in Britain. Estimates in mid-1987 showed the population was 621,900 compared with 612,500 the previous year. The county's rate of growth between 1981 and 1986 outstripped every other in the country and was double the average for all shire counties in that period.

This elongated county - 60 miles from north to south and 17 miles across at its narrowest - is an economic canvas of such diversity that the vivid hues of Milton Keynes bear little relation to the pasture and pylons of mid-Buckinghamshire and even less to the commuterland and those established communities and industries around High Wycombe to the south of the county.

In spite of this diversity the county maintains its independence through the isolation, to a certain degree, of its heartland. While a framework of motorways line its eastern and southern fringes, the county is not dissected by any important artery.

South Buckinghamshire relies for its communications on the M25 and easy access to the M4 and M3. Milton Keynes



One of the haunts of Buckinghamshire Man: Church Square in High Street, High Wycombe

# Buckinghamshire

is heavily dependent on the M1, as of course is the rest of the county. For this reason the M40 extension to the M42 just south of Birmingham is a crucial development issue, almost as much for its consequential relief of traffic congestion on the M1 as it is for its improved links to the Midlands.

The county is presently awaiting the outcome of a public inquiry into the proposed 12½-mile M40 link between Waterstock and Wendlebury, in neighbouring Oxfordshire. The Department of Transport is proposing a 250m two-lane section which has been strongly resisted by the county council and business organisations which argue that three-lane capacity at an extra cost of £4m is essential.

This will not only allow for ease of maintenance, but should also absorb the extra traffic generated by those vehicles expected to divert from using the overloaded M1/M6 link. The motorway has become so congested that, at peak times, traffic volumes on the southern sections of the M1 confine progress to a 40mph crawl. A decision on the final M42 section is expected from Mr Paul Channon, the Transport Secretary, by the end of the year allowing the new London-Birmingham motorway link to open in its entirety in summer 1991.

Access to Heathrow airport is important for many of the businesses in the south of the county, though the option of a fifth runway for Heathrow is another live issue taxing the County Council: it is opposing the proposal. Mr Ed Schoon, the chief county planning officer, explained that a fifth runway would not only cause noise problems for neighbouring communities, it would necessarily attract new industries to a part of the county where the authority is attempting to apply the brakes to development. The county's strategic plan is designed to protect the 500 sq km of metropolitan green belt at its border with London - part of the rural lifebelt established around the capital by the London and Home Counties Act of 1938. Green field development in the plan, presently awaiting approval by Mr Nicholas Ridley, the Environment Secretary, is to be channelled to Milton Keynes in the north and Princes Risbor-

ough and Aylesbury in mid-Buckinghamshire. Most cherished of all are the Chiltern Hills, designated as an Area of Outstanding Natural Beauty, and one of the most attractive parts of the county within an hour's drive of the capital. Their very situation so close to the capital only underlines their environmental importance. There is, however, scope for redevelopment of existing land in Buckinghamshire, achieved successfully in Aylesbury, for example, by Equitable Life, which moved its administrative operations there from London in the late 1970s and now employs 870 administrative staff. The large blue glass Equitable Life office on Aylesbury's ring road, built on the site of a

former garage, characterises the opportunities available in the county. The high reputation of the county's schools has provided a rich source of recruits for such companies. In observing the new it would be an injustice to overlook the established industry, particularly in the south of the county which has long been used to economic stability. High Wycombe has been the centre of Britain's furniture industry since the 17th Century when chair-making businesses developed there to take advantage of the swathes of unexploited beech wood. At one time it would have been impossible to write of Buckinghamshire without mention of Slough, the subject of John Betjeman's cruel ode: "Come friendly bombs and fall

on Slough." The town was hived off from the county in the 1974 local government reorganisation, perhaps in the recognition that economic development had swung to the brave new world of Milton Keynes, the butt of so many jokes, which on today's evidence appears as if it will have the last laugh. Anyone who hasn't yet been to Milton Keynes should go there to witness a lifestyle quite unlike that in any other city in the UK (although Milton Keynes has neither the cathedral or the charter to call itself a city, it does so none the less, backed by its population which now stands at about 140,000). Its grid-iron streets conforming rigidly to the plans drawn up when it was first designated in 1967, are lined with rows of parking spaces designed for convenience living. Once a visitor has overcome the culture shock of confronting what looks like a part of the US in the heart of England it becomes apparent why companies which have moved into Milton Keynes created 8,420 new jobs between April 1987 and April 1988, a record net growth, and contributed to 25,000 new jobs in the city over the last five years. New records are set continually in Milton Keynes. Last year it attracted £100m investment from private industry and there is much more to come. The Development Corporation says that 46 per cent of the green field land (3,000 hectares) still awaiting development. The city supports about 2,800 businesses, 1,500 of which were brought in by the corporation. Some 232 companies are foreign owned (88 US, 28 Japanese). Provision of a school for Japanese children has helped the city build the largest concentration of Japanese companies in the UK outside London. The corporation strictly adheres to the original plan - no high rise buildings, no use of aggregate concretes on exteriors - yet paradoxically it maintains that planning permission is not difficult to obtain. There are those in Milton Keynes who would say privately that the lack of locally-elected councillors to overview planning applications has something to do with this. The city absorbs about 1 per cent of the national house building total. About one in 25 new houses built in the South East is built here. With that kind of building record it can be seen how Milton Keynes acts as a pressure valve for land development in Buckinghamshire. Mr Schoon said some people in Buckinghamshire would take issue with the argument that every

Continued on next page

# There's no incentive to move to Milton Keynes.

When you're looking for a new business location, everyone wants you. Some places want you so much they'll even offer you money to move there. Not Milton Keynes. All we'll offer you is the chance to join the fastest growing, most prosperous city in Britain. If you'd like to spend a day in Milton Keynes, call the Commercial Director on 0908 692692. We think when you've seen what it's got to offer, you'll need no other incentive.

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BUCKINGHAMSHIRE 2

Milton Keynes is the standard bearer of...

A burgeoning economy

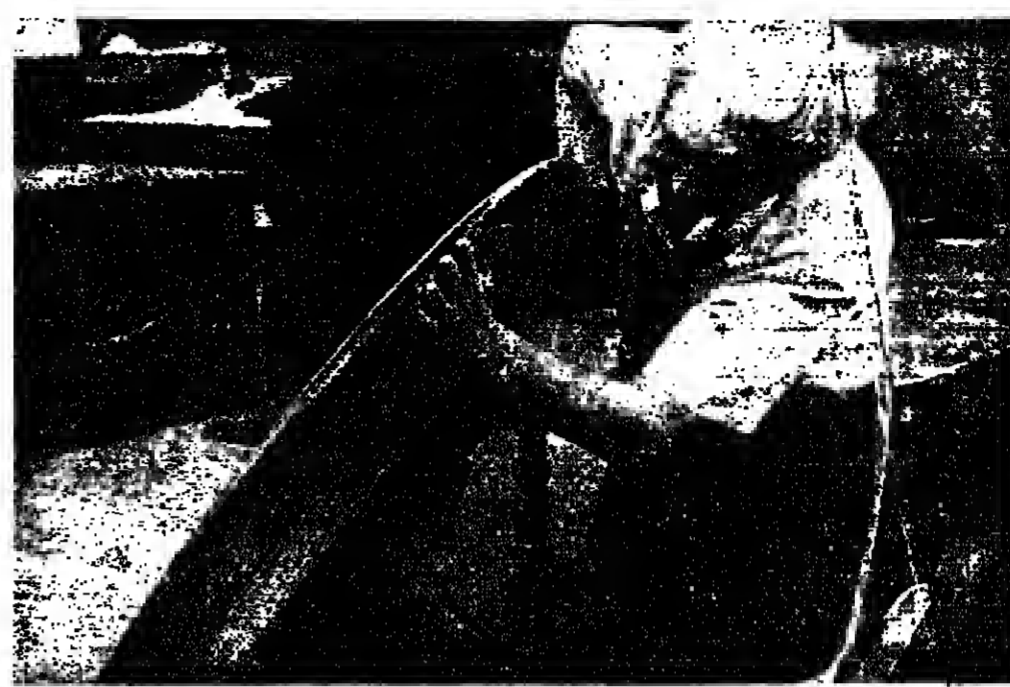
MILTON KEYNES will lead Buckinghamshire into the 21st century as the standard bearer of a burgeoning economy. By the year 2000, its population is expected to have grown to 200,000, making it the one of 15 largest cities in the country.

Branson's Virgin Group will embark on its planned £50m leisure complex, including a 700-seat auditorium with Covent garden-style shops, apartments and restaurants on a five acre site.

Plans to pedestrianise the Aylesbury High Street give a further hint of the pace of development in the county town which, while retaining its central character, is attracting a growing number of intelligent industries on the periphery.

Attractive location for old and new

BUCKINGHAMSHIRE'S industry must acknowledge the contribution made by the furniture industry. High Wycombe is the traditional home of the industry with names such as Ercol, G-plan and Parker Knoll all to be found here among some 150 furniture companies in the area employing close on 4,000 people.



Furniture manufacture: a traditional industry which has adapted successfully to new technology

The company is one of the county's largest employers with nearly 1,500 staff. While the agriculture has the most visible presence in the Aylesbury Vale district modern industrial estates at Aylesbury have attracted many companies to the area.

INDUSTRY AND COMMERCE

Local authorities have been urged to attract more visitors to create wealth and job opportunities

County wakes up to its tourism potential

THREE million people visit the Black and Langley country parks in Buckinghamshire every year, making the county a major leisure operator. The visitors considerably outnumber the 185,000 people who went to Bekonscot model village in Beaconsfield, which last year reached the eighth place in the top twenty attractions for the Thames & Chilterns Tourist Board region.

of Bucks, Beds, Berks, Herts and Oxon, is not a particularly important holiday destination for British people, but it attracts a major share of the overseas tourist trade. Royal Berkshire provides the chief attractions, but Bucks more than holds up its own.

total of £10.5m spent by domestic and overseas tourists in England in 1987. Buckinghamshire's share was 130,000 tourist trips, 1.3m tourist nights and expenditure of £24m. The borough is now embarking on a programme to translate the consultants' recommendations into action.

The county's response lags behind. Its interest in tourism was inspired by the Young report, Pleasure, Leisure and Jobs, which concluded in 1985 that local authorities should do more to promote tourism because of its wealth and job creation opportunities.



The Swan, Milton Keynes village: typical of the county's features attractive to overseas visitors

Joseph Paxton, creator of Crystal Palace, and one of three Rothschild mansions in the Vale of Aylesbury. Waddesdon Manor was built as a French-style chateau for Baron Ferdinand de Rothschild in 1844 to 1868, and Ascott House, near Wing, was enlarged for the Rothschilds in the 19th century and the family still lives there.

Which County...

- 1. ...was the fastest growing in England in the years 1981-86?
2. ...is expected to grow faster than any other in the next 20 years?
3. ...has the fastest employment growth in the south-east?
4. ...has the most dynamic city in Britain within its borders - and another in the national top ten?
5. ...and a third in the same survey's top-ten list of towns of settled prosperity?
6. ...yet is only seventh in the regional house price league?
7. ...is the most beautiful of the Home Counties, with 100,000 acres designated Area of Outstanding National Beauty?
8. ...has nearly 40,000 acres of forest and woodland, including a good chunk of the magnificent Chiltern hills?
9. ...has one foot in London and the other on the doorstep of the Midlands?
10. ...is traversed by the Motorways M1, M4, M25 and M40 and has Heathrow just up the road?

Score ten out of ten if you answered Buckinghamshire. Then come and see for yourself that it's more than trees that grow in Bucks.

SOURCES \*Registrar General; \*\*Dept. of Employment; \*\*\*(Milton Keynes and Aylesbury), Champion and Green "Local Prosperity and the North South Divide", Warwick University, 1988; \*\*\*\*(High Wycombe) Champion and Green; \*\*\*\*\*Halifax Building Society.



Triumph in Metro-land

from previous page county should have a Milton Keynes - it is still resented in some quarters - but he admitted the city's enormous contribution to the county's economy.

INDUSTRIAL & BUSINESS News

REACH OUT FOR THE PULSE OF 60,000 BUSINESSMEN IN THE SOUTH OF ENGLAND - USE INDUSTRIAL & BUSINESS NEWS. THE LEADING NEWSPAPER FOR COMMERCE AND INDUSTRY IN THE AREA WITH SPENDING POWER.

Table with 5 columns: Labour catchment, Catchment % growth, unemployment %, Av. House prices, and a row for Buckinghamshire in profile.

TELEPHONE: HIGH WYCOMBE 21212 A BUCKS FREE PRESS GROUP PUBLICATION

هكذا من العمل

Grammar schools, comprehensives, the Open and Buckingham Universities give the county...

# An exceptionally-wide education mix

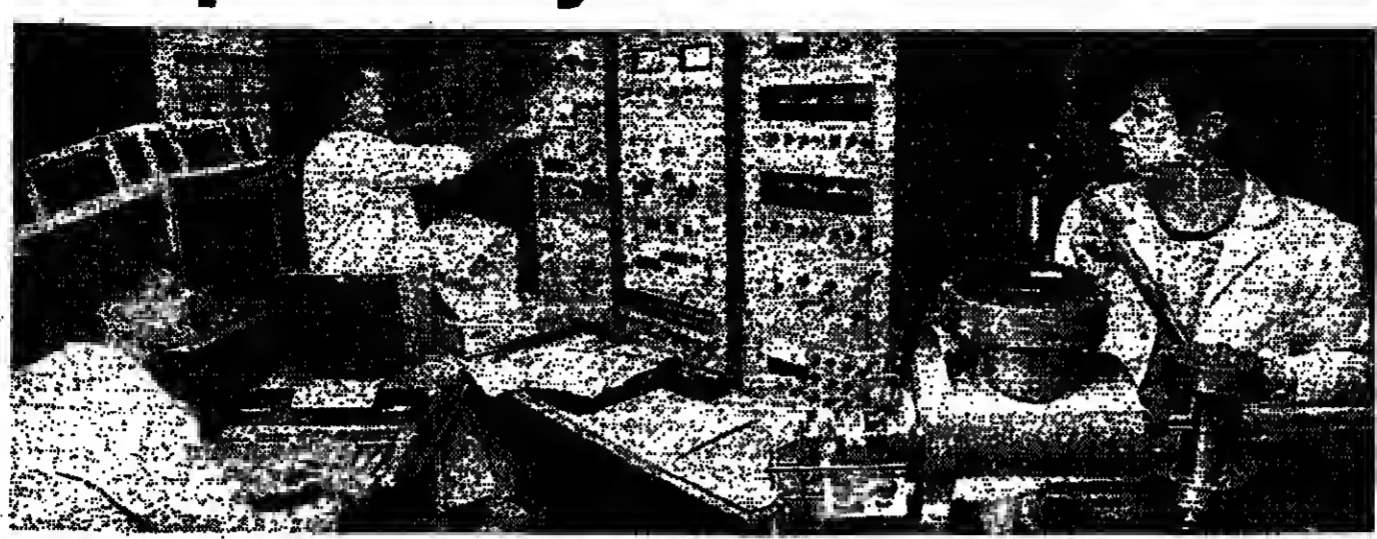
**EDUCATION** in Buckinghamshire is a mass of contradictions. It is the home of both the biggest and most accessible higher education institution in Britain, with the Open University based at Milton Keynes, and of Britain's only private university at Buckingham.

It maintains a system of grammar schools in most of the county, with Milton Keynes alone running a comprehensive system. And the results, according to Mrs Gill Miskampbell, chair of education, are an example of excellence which should mean that none needs to send their children to private schools.

That may come as a bit of a surprise to Wycombe Abbey, one of Buckinghamshire's more famous public schools, but is indicative of the confidence the county exhibits in its education system.

There is a similar confidence in the higher education institutions, too. Although the University of Buckingham has not achieved its aim of over 3,000 students, it has established itself as a recognised institution with a Royal Charter granted five years ago enabling it to award degrees.

More than 700 students attend the university, paying tuition fees of £5,700 a year. Though small by most univer-



Mass spectrometry analysis in the Open University's earth sciences research laboratory since it opened in 1983, 80 per cent have been sponsored by their employers. Next year, the school will offer an MBA degree and has expanded so quickly that it moved this summer to temporary premises in Stony Stratford where there are also offices of the OU Press.

Bucks county believes it provides the kind of education that enables the maximum number of children to enter further and higher education, including its two unique higher education institutions. The county fought a fierce

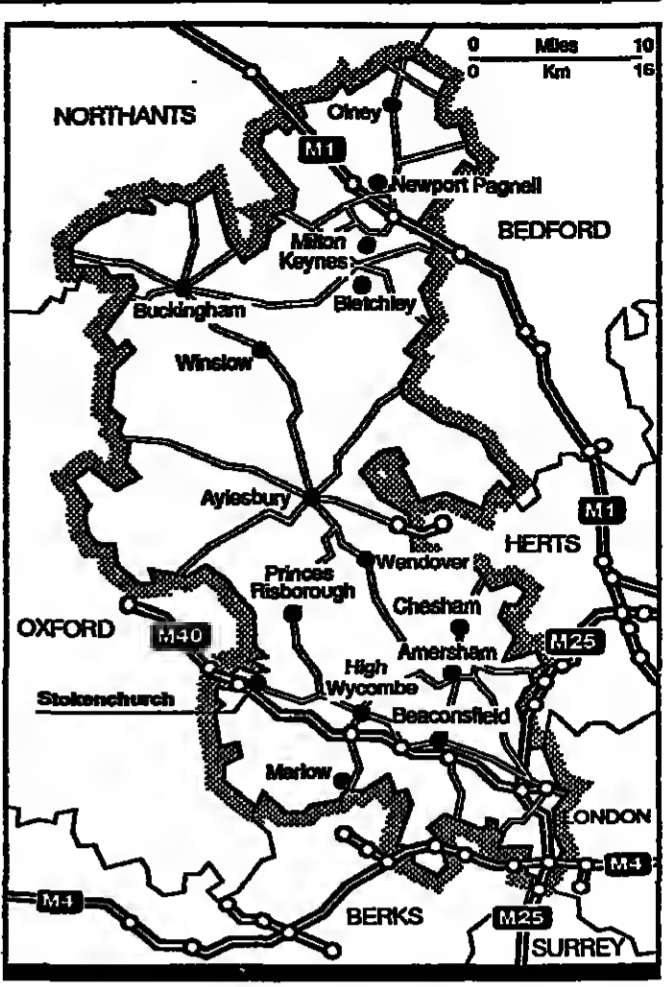
and prolonged battle in the 1960s to retain its grammar schools and now operates a selective system throughout the county except in Milton Keynes. Mrs Miskampbell denies that the result is that the comprehensives are not true examples of their kind. That would be true, she says, if the grammar schools were operating within the same catchment area, but they don't.

"What is hopeless is if you introduce a grammar school in Milton Keynes and then call everything else comprehensive."

Peter Mooney, chief education officer for schools, says there is no groundswell of opinion for change in the county. A proposal to introduce selective education in Milton Keynes was considered last year, but abandoned in the face of unanimous opposition from both the headteachers and chairs of secondary school governing bodies in the city.

Mrs Miskampbell believes there is widespread satisfaction with the existing system. The county calls its secondary modern schools "upper schools" and gives them the same resources and the same teaching ratios as grammar schools, but the lion's share of capital resources since they take 70 per cent of the age group.

Some of the upper schools have full sixth forms; others are encouraged to develop one-year sixth forms as part of the Technical and Vocational Educational Initiative (TVET) programme which links up with local further education col-



leges. There is also a big transfer at 16+ from the upper schools to the grammars.

The results include both a higher proportion of pupils leaving education with 3 or more A Levels and a lower proportion leaving with no examination grade higher than CSE Grade 2.

Within those totals, Buckinghamshire's grammar school pupils perform significantly better in academic terms than the average for all English grammar schools, while the county's comprehensive schoolchildren fare marginally worse than the average. "Upper school" students achieve slightly better exam results than secondary modern school pupils in England.

A closer look at Bucks figures on all fifth-form school leavers throws up a slightly different picture, though. Last November, 27 per cent of the age group in Milton Keynes left to take up jobs and 29 per cent stayed on at school. Only 10 per cent entered further education, the lowest proportion in any of Bucks' four districts.

In the Chilterns and South Bucks district, 24 per cent left for jobs, 37 per cent stayed on and 24 per cent went into further education. In Aylesbury Vale, 28 per cent took jobs; 35 per cent stayed on and 14 per cent went into further education. In High Wycombe, 35 per cent took jobs, 28 per cent stayed on and 19 per cent went into further education.

Milton Keynes is the only part of the county where new



Keith Bennett's "Stockings Farm", near Amersham: over the last decade the county's sheep flock has nearly doubled

## AGRICULTURE

### Survival of the fittest

**ONLY ONE** of Bucks county's 200 tenant farmers has applied for the first allocation of "set aside" payments to take land out of cereal production and thereby help reduce the European food surpluses. The tenant intends to allow a field to lie fallow next year instead of growing grain.

There is little sign of interest either from private farmers, although the official view is that a "significant number" of applications have been made in the Oxford division through which both the Ministry of Agriculture and the National Farmers' Union oversee Buckinghamshire's farming affairs. That is perhaps surprising when farmers have switched heavily into wheat production in the last decade.

In 1977, 23,402 hectares in the county were under wheat; last year it had grown to 34,682. But the yield for cereal producers is widely acknowledged to have been disappointing, particularly in the last two years. Nevertheless, Mr Bill Goldsworthy, local NFU county secretary, was convinced set aside would not attract many Bucks farmers even before the Government announcement in October that only 2,000 farmers in the UK had taken up the offer.

The lack of interest reflects both the general view among farmers that the compensation for not growing grain is insufficient, and the mixed character of agriculture in the county. There are only a few larger units devoted mainly to cereals, and a higher than average proportion of the land is low grade.

Less than 9 per cent of Buckinghamshire's agricultural

land is in the top two grades, compared with an average for England of nearly 20 per cent. There is extensive clay in the Aylesbury Vale area to the south of the county, and farmers have traditionally concentrated on livestock and dairy farming.

The changing climate for agriculture, including the demands of the Common Agricultural Policy, had already affected farming in Bucks before the set aside scheme was introduced. The milk quota has led to reductions in the dairy herd and an increase in livestock, particularly sheep, which is producing its own problems.

As in other Home Counties, the numbers of farmers and farm workers are falling, with sons and daughters no longer content to carry on the family tradition as margins diminish. But the major worry for most Bucks farmers now is the impending change in the structure of beef and sheep support schemes.

Over the last decade, the number of sheep and lambs in Bucks has nearly doubled. But the new stabiliser system is seen by Bucks farmers as a threat to their ability to plan ahead on the basis of a reasonably assured income. Many believe it will bring another drop in their incomes, and there is resentment that the new system will not reward

output and quality.

Mr Goldsworthy points out that lowland producers will get the same hectare price as those in poorer areas, and that there are already grumbles about delays in payments. Taking lambs to market by the summer used to mean early payments for farmers, who were able to calculate their likely incomes over the year. And they believe the present system helped family budgets, too, by producing lower meat prices in the shops.

Agricultural land values have fallen substantially in recent years because of the general problems facing the industry. But there are now signs of a resurgence of interest, induced possibly by the need to offset taxation.

Mr Goldsworthy sees little sympathy with the farmers' worries among either local MPs or the Government, whose attitude is seen to be to encourage the survival of the fittest. But he believes the tenacity of the Bucks farmer will pull him through. "They wouldn't have survived as well as they have if they weren't fighters," he says.

That is a view shared by Mr Stuart Farrant, county valuer and estates officer for Buckinghamshire, who says that farmers "are not suffering unduly and are surviving much better than they might have anticipated." He also believes that Britain's set aside scheme is not very attractive and rates the potential for getting a decent return from it as "virtually zero".

But then, he does not accept that over production is now a problem because European Community surpluses have

gone down. But, he says, the world is changing all the time and he would like to see stronger moves towards reducing the nitrogen and pesticides in use on Britain's farms.

Bucks farmers are feeling the pinch with grain prices unchanged for several years and holdings becoming less viable. There is a move towards larger units, and the county has noticed a "very slight" increase in the number of its own tenants quitting because of financial difficulties. There have also been fewer requests from tenants for new capital improvements, but Mr Farrant is "confident that they will come out the other end".

Agricultural land values have fallen substantially in recent years because of the general problems facing the industry. But there are now signs of a resurgence of interest, induced possibly by the need to offset taxation. This year Bucks expects to raise £40m from land sales, of which only about 1 per cent will be from agricultural land, including barn conversions.

The county's own estate of 13,500 acres has for most of its life been an agricultural value of little more than £10m - way below the development land value because the estate is subject to tenancy. Residential land sells at well over £1m an acre and development sites sold recently to make way for supermarkets in Aylesbury and Amersham have raised more than £5m an acre. Bucks now sees its ownership of farm land as primarily meeting an environmental function, enabling it to control development better in the face of growing demands for urban development because of the rapidly rising population.

county in responding to its new duties under the Education Reform Act.

Pupils in the top year at Bucks primary school should be taking the new National Curriculum laid down by the Act, but there are shortages of primary school teachers for some subjects, particularly science and French. Most of the secondary schools are already

**The county believes it provides the kind of education that enables the maximum number of children to enter further and higher education**

schools are having to be opened to make room for a growing child population. For the rest of the county, a Falling School Rolls Panel operates to close down schools, often in the face of fierce resistance from parents.

The review of schools has enabled age ranges to be changed in some areas to conform with the norm for the county of first schools for pupils aged 5 to 8 and junior schools for the 8-12 year olds. But those age ranges pose a particular difficulty for the

over the last four years in the build up to the new GCSE exam, and found that teachers responded "tremendously" to the opportunities offered.

The biggest problem will be attracting new teachers to an affluent county where the cost of housing is high. Mrs Miskampbell puts her faith in the narrowing of the differential with other parts of the county and points out that in Leicestershire and Northampton are starting to rise.

Pat Healy  
\*Bucks has 236 first, middle and combined schools catering for 58,625 pupils up to the age of 12; 8 comprehensives, 26 upper and 14 grammar schools provide education for 34,411 pupils aged 12 to 19. There are also 20 special schools and centres for 1,500 pupils with special educational needs; 250 pupils with special needs attend other local authority and independent schools and 700 with special educational needs attend mainstream schools. Four colleges of further and higher education have 5,200 full time and 12,900 part-time students and 45,000 attended classes at 30 adult education centres.

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## LOOK TO AYLESBURY..

Buckinghamshire's thriving County town and its surrounding district has a wide range of commercial and industrial development opportunities.

Find out what the area can offer you by telephoning Michael White, Plans Officer, or Dale Reynolds, Estates Surveyor and Valuer on Aylesbury (0296) 395900.

Aylesbury Vale District Council

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COMMODITIES AND AGRICULTURE

Coffee quota rise triggered

THE INTERNATIONAL Coffee Organisation yesterday increased its total world export quota by 1m bags to 57m bags (50 kg each), writes David Blackwell.

The increase, which has been expected for some time, was triggered by a rise in the ICO 15-day indicator price to more than 114.40 cents a lb. The indicator, an average of world arabica and robusta prices, was announced yesterday at 114.41 cents a lb, up from 114.32.

because the difference between the ICO indicators for robusta and arabica coffees (99.25 and 135.57 a lb respectively) was more than 30 per cent of the arabica indicator.

Scrap seen as growing source of platinum

By Kenneth Gooding, Mining Correspondent

Jury still out on EC farm reform

Bridget Bloom concludes our series on budget "stabilisers"

Jury still out on EC farm reform

OVER THE last few months, an already familiar refrain within the European Community establishment has become more insistent.



'Greenhouse' threat to world's food security

By Bridget Bloom, Agriculture Correspondent

WARNINGS THAT the world could face prolonged periods of instability in agricultural commodity markets and problems of food security which could dwarf security problems in the military field have been issued this week from research organisations based in London and Washington.

The Economist Intelligence Unit in London and The Worldwatch Institute, the Washington environmental research body, note in separate reports that the effects of global warming - caused by a build-up of carbon dioxide and other gases in the world's atmosphere - could lead to major shifts in patterns of agricultural production, erratic harvests and food shortages.

Paris denies Ivory Coast cocoa deal

By George Graham in Paris

FRENCH GOVERNMENT officials yesterday categorically denied that they had reached an agreement on financing the purchase of an estimated 400,000 tonnes of the Ivory Coast's cocoa, most of it to be stockpiled.

Cocoa is expected to account for only a third of the deficit in the Ivory Coast stabilisation fund, likely to double this year to over 100bn CFA francs (€180m). The fund, which was recently set up as a contri-

Greenhouse threat to world's food security

scramble for the available supplies as world grain prices soared to record levels while "affluent countries might be forced to consider cutting their use of feed grain so that poor nations did not starve". In its report, the EIU takes a rather less gloomy view, particularly noting that world food supplies could be more efficiently used: there could for example be better conversion of grains into meat in many countries.

World Commodities Prices

Table with multiple columns: LONDON METAL EXCHANGE, US MARKETS, CHROME OIL, SOYBEANS, WHEAT, etc. Includes prices for various commodities like copper, silver, gold, and oil.

LONDON MARKETS

Table listing prices for Copper, Silver, Gold, and other metals. Columns include 'Close', 'Previous', and 'High/Low'.

SPOT MARKETS

Table listing prices for Crude oil, Brent, WTI, and other energy products.

COFFEE

Table listing prices for Arabica and Robusta coffee beans.

SOYBEANS

Table listing prices for soybean oil and meal.

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Table listing prices for various wheat grades.

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Table listing prices for different types of rubber.

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LONDON STOCK EXCHANGE

Equity sectors resume their retreat

THE TECHNICAL rally in UK equities ran out of steam yesterday... share prices resumed their retreat...

strengthened worries over Christmas spending at the major stores... Consumer divisions were enlivened by a short-lived burst of activity...

sector, which has joined the list of defensive areas in an increasingly nervous market... London was also helped in late dealings when Wall Street steadied on the announcement of the October leading economic indicators...

Over in electronics - 8.4m changed hands - with the shares slipping 2 1/2 to 83 1/2 after news of in-line pre-tax profits of £40.1m, up 74 per cent... Analysts said the market was slightly disturbed by the cautious statement...

Profit-taking accounted for a fall in Eurotunnel of 17 to 43 1/2, in spite of pledges at this week's board meeting of better progress next year with the construction work... On the plus side, Chamberlain & Hill put on 8 to 23 1/2 on news of a exit fund holding of 22.8 per cent...

FINANCIAL TIMES STOCK INDICES. Table with columns for Dec 1, Nov 30, Nov 29, Nov 28, Nov 25, Nov 22, Nov 15, Nov 8, 1988, High, Low, Since High, Since Low.

S.E. ACTIVITY. Table with columns for Nov 30, Nov 29, Nov 28, Nov 25, Nov 22, Nov 15, Nov 8, 1988, High, Low, Since High, Since Low.

BPB hit by price war fears

Lower-than-expected interim results from BPB Industries, coupled with growing fears that developing competition in the plasterboard market from West Germany's Knauf...

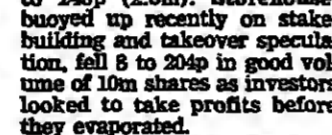
Property for view

Several analysts thought REPC's latest property revaluation mildly disappointing, but the main drag on the shares yesterday was without doubt the uncertain tone of the broader market...

FT-A All-Share Index



Equity Shares Traded



over in electronics - 8.4m changed hands

Analysts said the market was slightly disturbed by the cautious statement accompanying the results which could well, they said, prompt downgradings to around the £97-£98m level for the full year... GEC shares were extremely active, with buying said to have been triggered by stories that Hanson could perhaps be contemplating a bid...

British Steel issue

Market perceptions of prospects for the British Steel sale ebbed and swayed as opinions circulated regarding the response from private investors ahead of this morning's 10.30am deadline for applications... Indications last night that the offer could be over-subscribed came too late for the market...

TRADING VOLUME IN MAJOR STOCKS. Table with columns for Stock, Value, Qty, Price, % chg.

Cadbury revive

Cadbury Schweppes, one of the oldest takeover favourites in the market, sprang to life following news that General Cinema Corporation (G.C.) had reached agreement to dispose of its soft drinks bottling business for \$1.5m...

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for various companies in 1988.

APPOINTMENTS

Mr. Douglas Fraser has been appointed industrial director, and Mr. Kenneth Mayhew becomes executive director of the NATIONAL ECONOMIC DEVELOPMENT OFFICE...

Senior posts at NEDO

Mr. Douglas Fraser has been appointed industrial director, and Mr. Kenneth Mayhew becomes executive director of the NATIONAL ECONOMIC DEVELOPMENT OFFICE...

Senior posts at BNP City office

Mr. Robert Amzell has been appointed managing director of BNP Australia. Mr. Christian Anbin, senior executive...

higher interim profits boosted Rowlinson Securities 13 to 210p... There was no respite in the pressure on Textile leader Courtaulds. Investors continued to reduce their holdings...

HIGHLIGHTS OF WESTPAC 1987/88 GROUP PROFIT

Westpac advertisement containing financial highlights: GROUP OPERATING PROFIT AFTER INCOME TAX AND MINORITIES A\$693m up 69%, DIVIDEND 43 cents per share fully franked, EARNINGS PER SHARE 94.0 cents up 61%, CAPITAL RATIO 94%, and other financial data.

BNP City office posts

Mr. Stewart Brammer, formerly managing director of Bonar August Systems, has joined ACTION INSTRUMENTS, Chichester, as managing director...

Senior posts at BNP City office

Mr. Ernest Leblanc, formerly works manager of Alcan Arvida Works in Canada, has been appointed managing director of the primary and recycling division of the BRITISH ALCAN ALUMINIUM GROUP...

Senior posts at BNP City office

Mr. F.J. Clements has been appointed senior administration manager in administration development at STANDAARD LIFE ASSURANCE COMPANY...

Senior posts at BNP City office

Mr. Bibby Line Group appointments include Mr. Rennie Barnes as financial director of Bibby Bros. & Co. (Management). Mr. Alan Sinclair becomes regional director, south, of Bibby Distribution Services...

Senior posts at BNP City office

Mr. Richard P. Horton has been appointed finance director designate of TYNDALL, and will join the board in February. He was controller of Brown Shipley...

Senior posts at BNP City office

Mr. Edgar Evans has been appointed general manager (home service marketing and sales) and Mr. Rodney Griffiths becomes general manager (home service administration) at PEARL ASSURANCE...

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Income, Abbey Growth, etc., with columns for name, manager, and other details.

Table listing unit trusts under the heading 'B & C E Unit Trust Management Ltd' and other categories, including details on investments and performance.

Table listing unit trusts under the heading 'Fidelity Investment Services Ltd' and other categories, including details on investments and performance.

Table listing unit trusts under the heading 'M & G Securities Co' and other categories, including details on investments and performance.

CROSSWORD No. 6,801 Set by GRIFFIN. Includes a crossword puzzle grid and a list of clues for the puzzle.

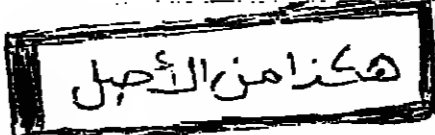
Table listing unit trusts under the heading 'L & C Unit Trust Management Ltd' and other categories, including details on investments and performance.

Table listing unit trusts under the heading 'LAS Unit Trusts Ltd' and other categories, including details on investments and performance.

Table listing unit trusts under the heading 'M & G Securities Co' and other categories, including details on investments and performance.

GUIDE TO UNIT TRUST PRICING. A section explaining the initial charges, net price, and other pricing details for unit trusts.

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FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, and other details. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Table listing insurance-related unit trusts and their details.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts and their details.

General Insurance

Table listing general insurance unit trusts and their details.

Life Insurance

Table listing life insurance unit trusts and their details.

Investment

Table listing investment unit trusts and their details.

Specialist

Table listing specialist unit trusts and their details.

Global

Table listing global unit trusts and their details.

Property

Table listing property unit trusts and their details.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-625-2128

Main table containing unit trust information, organized into columns for various categories like 'Northwest Unit Trusts', 'Prudential Life Assurance Co Ltd', 'Scottish Life Assurance Society', etc. Each entry includes the trust name, its code, and current price.

MANAGEMENT SERVICES OFFSHORE AND OVERSEAS

Table listing management services for offshore and overseas investments, including company names and contact details.

UK LISTED

Table listing UK-listed unit trusts, including trust names, codes, and prices.

OFFSHORE INSURANCES

Table listing offshore insurance services and providers.

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FT UNIT TRUST INFORMATION SERVICE

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LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, and % Change.

Table of London Share Service, listing various funds and shares with columns for Name, Price, and % Change.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various offshore unit trusts with columns for Name, Price, and % Change.

Money Market Trust Funds

Table of Money Market Trust Funds, listing various trust funds with columns for Name, Price, and % Change.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing various bank accounts with columns for Name, Price, and % Change.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing various stock market listings categorized by sectors: AMERICANS-Contd, BUILDING, TIMBER, ROADS, ELECTRICALS, ENGINEERING-Contd, INDUSTRIALS (Misc.)-Contd, CANADIANS, BANKS, HP & LEASING, CHEMICALS, PLASTICS, FOOD, GROCERIES, ETC, BEERS, WINES & SPIRITS, DRAPERY AND STORES, HOTELS AND CATERERS, BUILDING, TIMBER, ROADS, INSURANCES, LEISURE, and ENGINEERING. Each entry includes company name, price, and other financial data.

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Vertical text on the left margin, possibly a page number or reference.

LEISURE - Contd

Table of Leisure stocks including titles like Leisure, Leisure, Leisure, etc.

PROPERTY

Table of Property stocks including titles like Property, Property, Property, etc.

TEXTILES - Contd

Table of Textiles stocks including titles like Textiles, Textiles, Textiles, etc.

TOBACCO

Table of Tobacco stocks including titles like Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land stocks including titles like Trusts, Finance, Land, etc.

TRUSTS, FINANCE, LAND - Contd

Continuation of Trusts, Finance, and Land stocks table.

OIL AND GAS - Contd

Table of Oil and Gas stocks including titles like Oil, Gas, Oil, etc.

MINES - Contd

Table of Mines stocks including titles like Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades stocks including titles like Motors, Aircraft, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including titles like Commercial, Vehicles, etc.

Components

Table of Components stocks including titles like Components, Components, etc.

Garages and Distributors

Table of Garages and Distributors stocks including titles like Garages, Distributors, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers and Publishers stocks including titles like Newspapers, Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, and Advertising stocks including titles like Paper, Printing, Advertising, etc.

SHIPPING

Table of Shipping stocks including titles like Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including titles like Shoes, Leather, etc.

SOUTH AFRICANS

Table of South African stocks including titles like South Africans, South Africans, etc.

TEXTILES

Table of Textiles stocks including titles like Textiles, Textiles, Textiles, etc.

Investment Trusts

Table of Investment Trusts stocks including titles like Investment, Trusts, etc.

Finance, Land, etc

Table of Finance, Land, etc stocks including titles like Finance, Land, etc, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including titles like Overseas, Traders, etc.

PLANTATIONS

Table of Plantations stocks including titles like Plantations, Plantations, etc.

MINES

Table of Mines stocks including titles like Mines, Mines, Mines, etc.

Far West

Table of Far West stocks including titles like Far West, Far West, etc.

D.F.S.

Table of D.F.S. stocks including titles like D.F.S., D.F.S., etc.

Diamond and Platinum

Table of Diamond and Platinum stocks including titles like Diamond, Platinum, etc.

Central Africa

Table of Central Africa stocks including titles like Central Africa, Central Africa, etc.

Finance

Table of Finance stocks including titles like Finance, Finance, Finance, etc.

OIL AND GAS

Table of Oil and Gas stocks including titles like Oil, Gas, Oil, etc.

Australians

Table of Australian stocks including titles like Australians, Australians, etc.

THIRD MARKET

Table of Third Market stocks including titles like Third Market, Third Market, etc.

NOTES

Notes section containing various financial notices and market information.

REGIONAL & IRISH STOCKS

Table of Regional and Irish Stocks including titles like Regional, Irish, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including titles like Traditional, Options, etc.





WORLD STOCK MARKETS

Vertical text on the left margin, possibly a page number or date.

Table with columns for country (Austria, Belgium, France, Germany, Italy, Japan, etc.) and stock prices.

Table with columns for country (Netherlands, Spain, Switzerland, etc.) and stock prices.

Table with columns for country (Sweden, South Africa, etc.) and stock prices.

Table for CANADA with columns for stock prices and indices.

Table for JAPAN with columns for stock prices.

Table for AUSTRALIA with columns for stock prices.

Table for NEW YORK ACTIVE STOCKS with columns for stock prices.

Table for INDICES with columns for various market indices and their values.

TOKYO - Most Active Stocks. Thursday 1 December 1988. Table listing stock prices and changes.

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3pm prices December 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table with columns for stock symbols, prices, and changes. Includes major indices like S&P 500 and NYSE Composite, and numerous individual stock listings such as AAR, ACH, and various financial services companies.

Continued on Page 51

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes a section for '32 Month' data and a '3pm prices December 1' section.

3pm prices December 1
Stock prices are quoted in dollars and cents. High and low prices reflect the previous 22 weeks plus the current week, but not the latest trading day. Where a split or stock dividend is shown, the price is adjusted to reflect the split or dividend. Dividends are shown for the next trading day. Unless otherwise stated, the high and low prices are based on the latest distribution.

OVER-THE-COUNTER

Needing national market, 3pm prices December 1

Table of Over-the-Counter prices with columns for stock symbols, prices, and changes. Includes a section for '3pm prices December 1'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for stock symbols, prices, and changes. Includes a section for '3pm prices December 1'.

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